CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

Overview

of the California State Teachers' Retirement System and Related Issues

January 1, 2019

Yosemite National Park, Yosemite, CA

OVERVIEW

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FOREWORD

The California State Teachers' Retirement System was created in 1913 to provide retirement benefits to California's public school educators. CalSTRS administers a hybrid retirement system, consisting of a traditional defined benefit, cash balance and defined contribution plan, as well as disability and survivor benefits.

This publication provides an overview of the retirement system, including a summary of benefits currently provided to members, a history of the system, an explanation of system financing, a glossary of common terms, and a summary of system statistics.

It is a source of information about CalSTRS and retirement systems in general. If there is a conflict between the law and the information in this publication, the law prevails.

Questions regarding this publication can be directed to Governmental Relations at 916-414-1994.

CALSTRS

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

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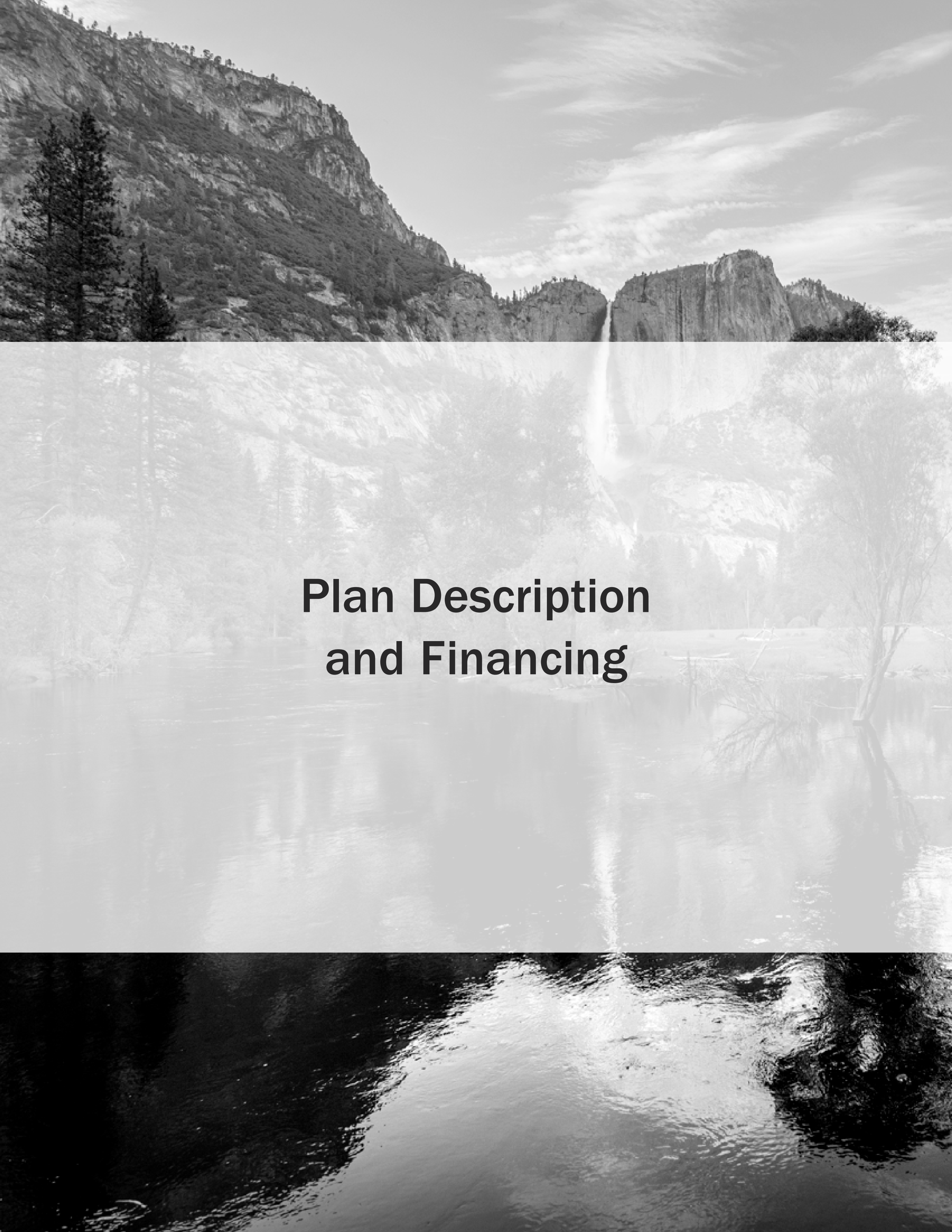


Plan Description and Financing

Defined Benefit Program

Service Retirement

Normal Retirement Eligibility Requirement

Age 60 for members under CalSTRS 2% at 60, or age 62 for members under CalSTRS 2% at 62, with a minimum of five years of service credited under the Defined Benefit (DB) Program, which can include service in an out-of-state or foreign public school.

Benefit Formula

Two percent of final compensation for each year of service credit at age 60 for members under CalSTRS 2% at 60, or age 62 for members under CalSTRS 2% at 62, increasing to a maximum of 2.4 percent at age 63 for members under CalSTRS 2% at 60, or age 65 for members under CalSTRS 2% at 62.

For members with 30 or more years of service credit, a career factor of up to an additional 0.2 percent of final compensation per year of credited service is added to the age factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

A longevity bonus is added to the monthly Member-Only retirement benefit of a member who accrued at least 30 years of service credit by December 31, 2010; however, the member was not required to retire by that date. The amount of the bonus depends on the years of service credit at retirement. With 30 years of service credit, the member receives a monthly increase of $200; with 31 years, an increase of $300; with 32 or more years, an increase of $400.

The career factor and longevity bonus are not available for members under CalSTRS 2% at 62.

Creditable Compensation

Creditable compensation as defined in statute and regulations for members under CalSTRS 2% at 60 is based on different forms of compensation paid in cash by an employer under a publicly available written contractual agreement, including salary and certain other types of remuneration and excluding allowances and cash in lieu of fringe benefits.

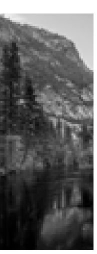
For members under CalSTRS 2% at 62, only compensation paid in cash each pay period in which creditable service is performed is creditable. Any such compensation for service in excess of one year in a school year will continue to be credited to the Defined Benefit Supplement Program. However, other compensation in addition to allowances and cash in lieu of fringe benefits, such as bonuses, compensation paid a limited number of times and compensation determined to have been paid for the purposes of enhancing a benefit, is not creditable to any CalSTRS benefit program for members under CalSTRS 2% at 62.

Final Compensation

For members under CalSTRS 2% at 60 retiring with 25 years or more of service credit, final compensation is the highest average annual compensation earnable for any period of 12 consecutive months of service. For members with less than 25 years of service credit, and all members under CalSTRS 2% at 62, final compensation is the highest average annual compensation earnable for any period of 36 consecutive months of service.

For certain CalSTRS 2% at 60 classroom teachers with less than 25 years of service credit, final compensation may be the highest average annual compensation earnable during any period of 12 consecutive months while a member of the DB Program, if it is part of a written collective bargaining agreement and associated costs are paid to CalSTRS. This provision only applies to a qualified classroom teacher, as defined, who is employed by an employer who has entered into a written agreement prior to January 1, 2014, with an exclusive representative to make this provision applicable.

If a member's salary has been reduced because of an employer-certified reduction in school funds, nonconsecutive periods of time can be used to determine final compensation over 36 months.



Minimum Guarantee

Specified members retired under the DB Program, their option beneficiaries, and surviving spouses receiving a benefit as of January 1, 2000, are guaranteed a minimum benefit based on the member's years of service credit. The total annual amount payable to the member with 20 years of service credit generally will not be less than $15,000, increasing incrementally to $20,000 with 30 or more years of service credit.

Limits on Creditable Compensation

Internal Revenue Code (IRC) section 401(a)(17) limits the compensation that counts toward the pension of a public employee first hired on or after July 1, 1996, to $280,000 in 2019. That limit is increased based on cost-of-living increases. No contributions are paid by the member, employer or the state on compensation in excess of the limit, and any compensation beyond the limit is excluded from determining final compensation. However, for members under CalSTRS 2% at 62, the limit under state law is $146,230 for the 2018–19 fiscal year. The limit is adjusted each fiscal year based on the changes in the Consumer Price Index for All Urban Consumers: U.S. City Average. Similar to the IRC 401(a)(17) limit, no contributions are made on compensation over this limit. However, an employer may provide a contribution to a defined contribution plan on compensation in excess of this limit.

Internal Revenue Code Section 415

Benefits paid under the DB Program are subject to limits imposed under Internal Revenue Code section 415. The limit for CalSTRS members varies based on retirement age. For example, in 2019, the limit for members who retire at age 65 is $191,290. Benefits in excess of the limit are payable through the Replacement Benefits Program.

Members under CalSTRS 2% at 62 will not receive any benefits from CalSTRS in excess of the federal limit.

Early Retirement

Age 55 with Five Years Credited Service

At age 55, the age factor is 1.4 percent for CalSTRS 2% at 60 members or 1.16 for CalSTRS 2% at 62 members. For each full or partial month after age 55, a 0.01 (one one-hundredth) of a percent increase is applied to the age factor, until the 2.0 percent age factor is reached at age 60 for CalSTRS 2% at 60 members, or age 62 for CalSTRS 2% at 62 members.

Age 50 with 30 Years Credited Service ("30 and Out") (Not Available to CalSTRS 2% at 62 Members)

At age 50, the age factor is 1.1 percent. For each full or partial month after age 50, a 0.005 (five one-thousandth) of a percent increase is applied to the age factor, until the member reaches age 55. From age 55 to age 60, a 0.01 (one one-hundredth) of a percent increase is applied to the age factor for each full or partial month. Thereafter, the age 60 normal retirement benefit is paid.

Between Ages 55 and 60 with Five Years Credited Service (Reduced Benefit Election) (Not Available to CalSTRS 2% at 62 Members)

A reduced monthly benefit equal to one-half the normal retirement benefit for age 60, based on final compensation and service credit at the age of retirement. The reduced benefit continues for the same duration of time after age 60 that the member received benefits prior to age 60. Thereafter, the age 60 normal retirement benefit is paid.

Deferred Retirement

Any time after satisfying the minimum service requirement, a member may cease active service, leave the accumulated retirement contributions on deposit, and later retire upon attaining the minimum age requirement and filing an application to retire. No formal election is required to defer retirement; however, a written application must be made to CalSTRS in order to retire.

Required Minimum Distribution

There is no mandatory retirement age. However, federal law requires a minimum distribution of retirement benefits begin no later than April 1 of the calendar year following the year in which a member reaches age 70½, if the member is no longer performing creditable service subject to coverage by CalSTRS or a concurrent retirement system. The Internal Revenue Service may impose an excise tax equal to 50 percent of the minimum required distribution that would have otherwise been received.

Retirement Incentive Programs
An employer may pay for an additional two years of service credit to increase the amount of eligible members' monthly retirement benefits.

The additional two years of service credit granted under the above retirement incentive program does not count toward qualifying for a retirement benefit or toward eligibility for benefit enhancements.

All DB Program members who are eligible to retire may receive a retirement incentive if their current employer agrees to offer the incentive.

Postretirement Employment Restrictions
A member who retires with a CalSTRS retirement incentive will lose the ongoing increase in the benefit provided by the incentive if the member:

- Becomes an active member again by terminating service retirement and returning to CalSTRS-covered employment for any employer (reinstatement);
- Returns to work in any job with the same employer that granted the retirement incentive within five years of retirement; or
- Receives unemployment insurance benefits during the year after receiving the retirement incentive.

Unused Sick Leave Service Credit
Service credit is granted for unused sick leave at the time of retirement based on certification from the member's employer. For retirements effective on or after January 1, 2013, each employer for which creditable compensation was earned during the last school year can report unused sick leave. For retirements effective before January 1, 2013, only the member's last employer can report unused sick leave. Up to two-tenths (0.2) of one year of service credit for unused sick leave may be used to qualify for one-year final compensation, an increased longevity bonus, and the career factor if the addition of those two-tenths of a year would qualify the member for the enhancements. However, sick leave service credit cannot be used to meet eligibility requirements for service retirement.

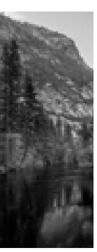
Distribution Choices
Members may choose to receive their retirement benefit over their own lifetime or for a period that will last over their own and one or more beneficiaries lifetimes.

Member-Only Benefit
The Member-Only Benefit is a monthly retirement benefit paid to the member for the member's lifetime; it does not provide for a monthly benefit to the member's beneficiary or beneficiaries. Any contributions and interest credited to the member's account at the time of death, minus the total amount already paid to the member, will be returned to the member's death benefit recipient or recipients. To provide a monthly benefit to a beneficiary or beneficiaries after the member's death, the member must elect an option.

Option Election
As early as when a member becomes eligible for retirement, the member may elect one of several distribution "options" to receive their retirement benefit over their own lifetime as well as the lifetimes of one or more beneficiaries. When an option is elected, the member's monthly benefit will be actuarially reduced from the Member-Only Benefit. The percentage of the reduction is based on the option selected, the member's age and the ages of the beneficiaries when the option is elected. After retirement, an option election can be changed only under very limited, specific circumstances.

If a member who has made a preretirement election of an option dies prior to retirement, the option beneficiary will receive a lifetime benefit based on the option selected. This election is available for those members who are eligible for retirement and do not yet wish to retire, but who want to ensure a monthly lifetime income to a beneficiary in the event death occurs prior to retirement. The preretirement election makes the member's beneficiaries ineligible for a family allowance or survivor benefit unless the member cancels the option election prior to his or her death. Any contributions and interest remaining in a member's account will also not be distributed if there is an option in effect. If the member's option beneficiary predeceases the member, the member may name a new option beneficiary, which results in a reduction in the member's new monthly benefit.

Members have four options from which to choose:



100% Beneficiary Option

Provides a monthly benefit for the member's lifetime and then for the lifetime of the member's option beneficiary. Upon the member's death, the member's option beneficiary continues to receive 100 percent of the amount of the benefit the member received. If the option beneficiary predeceases the member, the member's monthly benefit rises to the Member-Only Benefit.

75% Beneficiary Option

Provides a monthly benefit for the member's lifetime and then for the lifetime of the member's option beneficiary. Upon the member's death, the member's option beneficiary receives 75 percent of the amount of the benefit the member received. If the option beneficiary predeceases the member, the member's monthly benefit rises to the Member-Only Benefit. Under the 75% Beneficiary Option, federal law restricts the choice of a nonspouse option beneficiary to someone who cannot be more than exactly 19 years younger than the member.

50% Beneficiary Option

Provides a monthly benefit for the member's lifetime and then for the lifetime of the member's option beneficiary. Upon the member's death, the member's option beneficiary receives 50 percent of the amount of the benefit the member received. If the option beneficiary predeceases the member, the member's monthly benefit rises to the Member-Only Benefit.

Compound Option

This option allows the member to select multiple option beneficiaries or just one option beneficiary as long as the member designates a percentage to remain as the Member-Only Benefit. This option modifies the member's monthly benefit depending on the options, the number of beneficiaries involved and their ages. If the member has a court-ordered community property award to a former spouse or former registered domestic partner, the member may be required to name that person as a beneficiary under this option. Federal law requires that under the Compound Option, the nonspouse option beneficiary cannot be either more than exactly 19 years younger than the member under the 75% Beneficiary Option, or more than exactly 10 years younger than the member under the 100% Beneficiary Option.

Option Simplification Initiative

Retired members with an option had from January 1, 2007, through June 30, 2007, to change their existing option to one of the four options just described. Members with a preretirement option election also had from January 1, 2007, through June 30, 2007, to change their existing option without being subject to an assessment. Members were not required to change their option.

Prior to January 1, 2007, the following options were available for selection. However, under the DB Program, options 2, 3, 4, and 5 are no longer available for new election, unless they are part of a segregation of community property ordered by the court prior to January 1, 2007. Option simplification also renamed the Unmodified Benefit as the Member Only Benefit, Option 6 as the 100% Beneficiary Option, Option 7 as the 50% Beneficiary Option, added the 75% Beneficiary Option, and made modifications to Option 8 while renaming it the Compound Option.

Option 2

Joint and 100 percent to beneficiary. Upon the retired member's death, the member's Modified Benefit continues to be paid to the option beneficiary. If the option beneficiary predeceases the member, the member's monthly benefit remains unchanged.

Option 3

Joint and 50 percent to beneficiary. Upon the retired member's death, one-half of the modified benefit continues to be paid to the option beneficiary. If the option beneficiary predeceases the member, the member's monthly benefit remains unchanged.

Option 4

Joint and 66⅔ percent to beneficiary. Upon the member's death or the option beneficiary's death, two-thirds of the modified benefit continues to be paid to the survivor.

Option 5

Joint and 50 percent to beneficiary. Upon the member's death or the option beneficiary's death, one-half of the modified benefit continues to be paid to the survivor.

Option 6
Joint and survivor benefit with 100 percent to option beneficiary with pop up. This option has been renamed the 100% Beneficiary Option.

Option 7
Joint and survivor benefit with 50 percent to option beneficiary with pop up. This option has been renamed the 50% Beneficiary Option.

Option 8
This option is similar to the current Compound Option and provides joint and survivor benefits to two or more option beneficiaries or, for members involved in a legal separation or dissolution of marriage provides benefits for former spouses, while keeping an unmodified benefit for the member. A member may elect the same or a different option for each option beneficiary and may also reserve a portion of the benefit as unmodified. Upon the member's death, the option beneficiaries receive a benefit as stated under the designated options. If any of the option beneficiaries predecease the member, the benefit will change as stated under those designated options.

Spouse and Registered Domestic Partner

The DB Program provides equal coverage for a member's spouse or registered domestic partner. Except where prohibited by federal law, all provisions of the DB Program that apply to a married member's spouse also apply to a member's registered domestic partner. To be eligible, a member must register his or her domestic partnership with the California Secretary of State.

Postretirement Adjustments

Annual Benefit Adjustment

In general, most allowances under the Defined Benefit Program are increased by 2 percent of the original amount each September 1 following the first anniversary of the date on which the monthly benefit began to accrue. This annual non-compounded 2 percent increase is applied to all continuing benefits except Defined Benefit Supplement (DBS) annuities. However, if the member retires with a Reduced Benefit Election, the increase does not begin to accrue until the member reaches age 60 and is not payable until the member receives the full benefit. This increase is also known as the improvement factor.

Supplemental Increase

Resources from the Supplemental Benefit Maintenance Account (SBMA) and revenue from the State School Lands Bank Fund restore purchasing power up to 85 percent of a benefit recipient's initial benefit. The Teachers' Retirement Board has the authority to promulgate regulations to enable the board to adjust the supplemental benefit within a range of 80 to 85 percent, to maintain the ability to make the payments. In February 2009, the board adopted regulations to maintain the supplemental benefit through June 30, 2089, at a purchasing power level that is currently at 85 percent. These supplemental payments are vested to the extent funds are available from the SBMA, with the General Fund providing an annual transfer equal to 2.5 percent of total creditable compensation from the fiscal year ending in the prior calendar year, reduced by $72 million each fiscal year.

Periods of low inflation can also occur and lower the quarterly supplemental payment amount. For example, prices generally declined during the 2008–09 fiscal year, and together with the 2 percent annual benefit adjustment, more retirement benefits were kept at or above 85 percent of their initial value. As a result, quarterly supplemental payments for the 2009–10 fiscal year were reduced or eliminated. Future increases in inflation could increase quarterly supplemental payments, and future decreases in inflation could decrease or eliminate quarterly supplemental payments.

Working After Service Retirement

CalSTRS has no limitation on earnings outside the California public school system while retired for service. This includes earnings from work in private industry, private schools, public schools outside of California, or the University of California or California State University systems.

There are restrictions under state and federal law if a member performs retired member activities in the California public school system as an employee of an employer, an employee of a third party, or an independent contractor while retired for service. Members cannot:

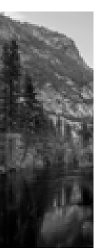
- Work in a classified position except, under certain circumstances, as a teacher's aide.
- Earn more than the annual postretirement earnings limit without affecting their CalSTRS retirement benefit, unless they are subject to specific exemptions.
- Earn any pay without affecting their retirement benefit if they return to work before completing the 180-calendar day separation-from-service requirement.

In addition, members cannot keep the additional service credit received under the CalSTRS Retirement Incentive Program, if they take any job within five years of retirement with the employer that offered the incentive.

Separation-From-Service Requirement

To ensure that separation from service has occurred, retired members have their CalSTRS retirement benefit reduced. The reduction is made dollar-for-dollar by the amount earned in a CalSTRS-covered position within the public school system as an employee, an independent contractor or an employee of a third party, including employer contributions to tax-sheltered annuities and other tax-favored products, during the first 180 calendar days following their retirement effective date up to the benefit payable during that period.

If the member is at or above normal retirement age, the separation-from-service requirement has a very narrow exemption if the appointment is necessary to fill a critically needed position, the governing body of the employer approves the appointment through a resolution adopted at a public meeting, the member did not receive any financial inducement to retire, and the member's termination of service was not the cause of the need to acquire his or her services. The employer must submit the required documentation to CalSTRS substantiating a member's eligibility for the exemption. CalSTRS must receive an exemption request and required documentation before a member begins work.



Postretirement Earnings Limit

There is a fiscal year limitation on earnings from creditable service as an employee, an independent contractor, or an employee of a third party within the California public school system for members who retired for service. The benefit of a member retired for service will be reduced dollar-for-dollar by the amount of any earnings in excess of the limitation, up to a member's annual benefit amount minus any previous reduction due to the separation-from-service requirement. The 2018–19 earnings limitation is $45,022, and the 2019–20 earnings limitation is $46,451. This figure is adjusted each July 1 based on median final compensation for recently retired members. (This differs from earnings limitations imposed on members who receive disability allowances and disability retirement benefits. See applicable sections for a summary of those limitations.)

A member who service retires will be subject to the postretirement earnings limit, as well as the separation-from-service requirement.

Exclusion From the Earnings Limit for Certain Third-Party Employers

A member may be excluded from the postretirement earnings limit and other postretirement employment requirements if:

- The member returns to work for a third-party employer that does not participate in a California public pension system.
- The activities performed are not normally performed by employees of an employer, and the activities are performed for 24 months or less.

Reinstatement

Members who retire for service, return to CalSTRS-covered employment, earn two or more years of credited service, and then re-retire receive the sum of both:

- An amount based on service credit earned prior to the last retirement, the member's age at the subsequent retirement minus the number of years the member was retired, and final compensation,

Plus

- An amount based on service credit earned since the last reinstatement, the member's age at the subsequent retirement, and final compensation.

If a member reinstates and earns less than two years of credited service, then he or she receives the following service retirement benefit:

- An amount equal to the monthly benefit the member was eligible to receive immediately before reinstatement, increased by the 2 percent annual benefit adjustment that would have been applied to the benefit if the member had not reinstated,

Plus

- An amount based on service credit earned since the last reinstatement, the member's age at the subsequent retirement, and final compensation.

Death Payment for Survivors of Retired Members

Designated recipients of CalSTRS retired members receive a $6,372 lump-sum death payment. The amount of the death payment may be adjusted by the Teachers' Retirement Board following each actuarial valuation based on changes to the All Urban California Consumer Price Index (CCPI).

Social Security

The CalSTRS DB Program is not integrated with, coordinated with, or supplemented by the federal Social Security Program. (See the section titled "Social Security and CalSTRS Members" for more information.)

Termination of Membership

After termination of employment, a member may request a refund of member contributions and interest credited to the member's account. A refund terminates membership in, and all rights to future benefits from, the DB Program.

Re-Entry Into Program After Refund

Individuals who have received a refund and who subsequently become members of the DB Program, or of other California public retirement systems, may redeposit all or a portion of the contributions and interest previously refunded from the DB Program. In addition, regular interest from the date of the refund through the final date of payment must be paid so that the member can be credited with the related service. However, the member must earn at least one year of credited service after re-entry before becoming eligible for any benefits from the DB Program.

Prevention of Inappropriate Benefit Enhancements

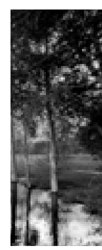
CalSTRS makes every effort to stop the inappropriate enhancement of retirement benefits. Over the years, several features have been added to the system to assist in this responsibility.

In 2000, legislation expanded the definition of creditable compensation and established the Defined Benefit Supplement Program. Remuneration paid in addition to salary (special compensation) is included as creditable compensation, and overtime above 1.000 year of service is credited to a member's Defined Benefit Supplement account. Contributions on compensation paid to enhance a member's benefit are also creditable to this supplemental account. The compensation credited to the Defined Benefit Supplement account is not included in the calculation of a member's retirement benefit.

Additional training has provided employers with tools to make sure CalSTRS receives the correct member contributions and service credit. Automated systems provide CalSTRS with a check on the member data that employers submit. CalSTRS also has a risk-based audit program that assesses potentially excessive compensation increases during the final compensation period.

In 2011, CalSTRS formed a Compensation Review Unit to identify and resolve potentially inappropriate benefit enhancements and ensure benefits are paid in accordance with the law. In addition, a toll-free Pension Hotline was established to allow the public, members, school districts, county offices of education, and others to report suspected cases to CalSTRS.

At its September 4, 2014 meeting, the board adopted regulations clarifying creditable compensation for CalSTRS 2% at 60 members. The regulations provide guidance as to what constitutes a class of employees, what is creditable to the DBS Program, what is not creditable to CalSTRS, what CalSTRS considers to be consistent treatment of compensation, and if compensation is found to be inconsistent, how CalSTRS determines the appropriate crediting of contributions to the DB and DBS programs. These regulations became effective on January 1, 2015.



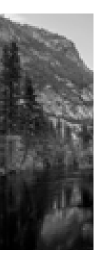
Funding

Member Contributions

Prior to July 1, 2014, all members contributed 8 percent of creditable compensation to the DB Program. As a result of the CalSTRS Funding Plan, the member contribution to the DB Program increased for all members to 8.15 percent of creditable compensation for the 2014–15 school year. The additional 0.15 percent required by the funding plan increased over the next two years at different rates for 2% at 60 and 2% at 62 members until it reached its maximum effective July 1, 2016. This increase was designed to pay a portion of the normal cost of the annual benefit adjustment in exchange for eliminating the Legislature's right to reduce this benefit.

For 2% at 60 members, the total contribution rate on creditable compensation to the DB Program increased to 9.2 percent for 2015–16 and increased to 10.25 percent, effective July 1, 2016.

For 2% at 62 members, the contribution rate is equal to the sum of the increase required by the funding plan and 50 percent of the normal, ongoing cost of benefits rounded to the nearest quarter percent. As of the June 30, 2017 valuation, the normal cost of the CalSTRS 2% at 62 benefit structure is 17.893 percent. Since the change in normal cost exceeded 1 percent since the rate was last adjusted, the base contribution rate will increase by 1 percent from 8 to 9 percent. The total contribution rate is 10.205 percent, effective July 1, 2018, with the increase required by the CalSTRS funding plan.



Employer Contributions

As a result of the funding plan, for 2018–19, employers contribute 16.28 percent of the total creditable compensation to the DB Program on which member contributions are based. The contribution rate is 18.13 percent in 2019–20 and increases to 19.1 percent in 2020–21, after which point the board may make incremental adjustments, if necessary, up to a maximum of 20.25 percent.

State Contributions

The standard state contribution to the DB Program in 2018–19 is 2.017 percent of creditable compensation earned for 2016–17, paid in four quarterly payments. There is, however, an additional contribution required under current law if certain criteria in the funding of the DB Program are met; specifically, if there is an unfunded liability associated with the benefits provided in the DB Program as of July 1, 1990. As a result of the funding plan, the additional contribution increased annually through 2016–17, after which point the board may make annual incremental adjustments to fully fund the 1990 benefits by 2046. The total state contribution rate is 7.328 percent in 2018–19.

Service Retirement During Evaluation of Disability Application

If a member is eligible to retire for service and is applying for disability benefits, he or she may receive retirement benefits while waiting for a decision on the disability benefits application. The member will not be eligible, however, to make a Reduced Benefit Election. In addition, the retirement benefit will not include service credit for unused sick leave while the application for disability benefits is being evaluated. If the disability application is not approved, the member will remain in service retirement status and, if eligible, may elect an earlier retirement date. Any service credit for unused sick leave will be added to the member's account, and the retirement benefit will be recalculated based on the additional service credit.

Disability Allowance—Coverage A

Eligibility

Applicable only to members who became a member before October 16, 1992, who did not elect Coverage B, and who otherwise meet the requirements for application.

Eligibility Age

Under age 60.

Service Credit

Minimum of five years, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year.

Employment Status

May apply for disability allowance while still performing creditable service.

Benefit Formula

Allowance

Fifty percent of final compensation determined based on actual earnings.

Or

If the member is over age 45 with less than 10 years of service credit, 5 percent of final compensation determined based on the compensation earnable for each year of service credit.

Eligible Dependent Children's Benefits

Ten percent of final compensation determined based on actual earnings for each eligible dependent child, up to a maximum of 40 percent. Eligibility for a dependent child ends the day before the dependent's 22nd birth date or the day before his or her date of marriage (or registered domestic partnership), whichever occurs first.

Benefit Reductions

The disability allowance, including children's portions, will be reduced by an amount equal to any benefits paid or payable under workers' compensation, Social Security, federal military disability and income protection plans, or any other public system for the same impairment or impairments, as well as any judgments against or settlements with the third party who caused the injury.

Employment

Upon approval, a member may be employed in a position to perform creditable service subject to coverage under the DB Program, or any other employment that is subject to earnings limitations, but may not make contributions to the Teachers' Retirement Fund or accrue service credit.

Earnings Limits

- In a single month, the disability allowance (less amounts payable for children) plus earnings from any employment may not exceed 100 percent of indexed final compensation. In this event, 100 percent of the excess amount is deducted from the member's allowance.
- For a six-month period, average monthly earnings may not exceed 66⅔ percent of indexed final compensation. In this event, the member is presumed capable of performing gainful employment and no longer disabled, and the disability allowance is terminated.

Transition to Service Retirement

A disability allowance is payable until the member reaches age 60 or until there is no eligible dependent child, whichever is later, provided the member remains disabled. At age 60, the disability allowance terminates, and the member may apply for service retirement. The member's service retirement benefit will be based on projected final compensation and projected service credit to age 60; however, the service retirement benefit may not exceed the terminated disability allowance.

Death Payment

A $6,372 lump-sum death payment is payable to the designated recipient upon the death of the disabled member. The amount of the death payment may be adjusted by the board following each actuarial valuation based on changes to the CCPI,

Plus

If the member has not elected a preretirement option, a family allowance is payable to the surviving spouse or registered domestic partner who has children eligible for a children's benefit,

Or

If there is at least one child eligible for a children's benefit and no spouse or registered domestic partner, a children's benefit is payable to each eligible dependent child, up to the maximum allowance,

Or

If there are no eligible dependent children, the spouse or registered domestic partner may elect to take a lump-sum refund of the contributions and interest remaining in the member's account or receive an allowance equal to one-half of the amount of the benefit the member would have received, had the member retired at age 60. This benefit is calculated using the member's projected final compensation and projected service credit to age 60 beginning either on the member's 60th birthday, or immediately with a reduction based on

the member's and spouse's or registered domestic partner's age at the time the benefit begins.

Disability Retirement—Coverage B

Eligibility
Applicable to members who became members on or after October 16, 1992, to certain other members who elected Coverage B and who otherwise meet the conditions for application.

Eligibility Age
None.

Service Credit
Minimum of five years, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year.

Employment Status
May apply for disability retirement while still performing creditable service.

Benefit Formula

Allowance
Fifty percent of final compensation determined based on actual earnings regardless of age and service credit.

Eligible Dependent Children's Benefits
Ten percent of final compensation determined based on actual earnings for each eligible dependent child, up to a maximum of 40 percent for four or more children. Eligibility for a dependent child ends the day before the dependent's 21st birth date.

Option Election
A member may elect a beneficiary option upon application for disability retirement. If a member has a preretirement option on file with CalSTRS and files for disability under Coverage B, then that preretirement option is voided, and the member must file a new option election.

Benefit Reduction
The disability retirement benefit will be reduced by an amount equal to any benefit paid or payable for the same impairment or impairments under a workers' compensation program, as well as any judgments against or settlements with the third party who caused the injury.

Employment
Upon approval, a member may be employed to perform creditable service, or any other employment, but cannot make contributions to the Teachers' Retirement Fund or accrue service credit based on earnings from any employment.

Earnings Limit
There is a calendar year limitation on earnings from all employment. The member's disability retirement benefit will be reduced by the amount of any earnings in excess of the limitation. The limit for the 2019 calendar year is $31,500 and is adjusted each January 1 by the annual increase in the CCPI, using December 1989 as the base.

Transition to Service Retirement
Under Coverage B, there is no transition to service retirement; the disability retirement is payable for the duration of the disability.

Death Payment
A $6,372 lump-sum death payment is payable to the designated death benefit recipient upon the death of the disabled member. The amount of the death payment may be adjusted by the board following each actuarial valuation based on changes to the CCPI,

Plus

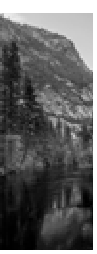
If an option was selected at the time of disability retirement, a lifetime benefit is payable to the option beneficiary upon the member's death,

Or

If no option was selected, a lump-sum refund of the remaining contributions and interest in the member's account is payable to the designated death benefit recipient.

Family Allowance—Coverage A

Eligibility
Benefits are payable to survivors of a person who became a member before October 16, 1992, if the member was actively employed at the time of death, did not elect Coverage B, had not made a preretirement election of an option, and had a minimum of one (1.000) year service credit.



Lump-Sum Death Payment
A $6,372 lump-sum death payment is payable to the designated recipient upon the death of the member, if the member had at least one year of CalSTRS credited service and other eligibility requirements are met. The amount of the death payment may be adjusted by the board following each actuarial valuation based on changes to the CCPI.

Basic Benefit
When there are eligible children, a family allowance will be paid determined as a percentage of final compensation based on the member's actual earnings. If there are no eligible children upon turning age 60, the spouse or registered domestic partner may elect to receive a family allowance equal to the amount that would have been payable under former Option 3, or take a lump-sum refund of the remaining contributions and interest in the member's account. If there are no eligible children, the surviving spouse may also choose to receive an actuarially reduced family allowance before age 60.

Surviving Spouse or Registered Domestic Partner Eligibility
The surviving spouse or registered domestic partner must be married or registered to the member for at least one year prior to the date of death, unless the member's death was the result of an accident that occurred or an illness that was diagnosed after the date of the marriage or domestic partnership.

Dependent Child Eligibility
Each natural or adopted child or stepchild of the member, born no later than 10 months after the date of the member's death, who is under 22 years of age, unmarried or not registered as a domestic partner, and who is financially dependent upon the member as of the date of the member's death.

Ongoing Monthly Allowance
The surviving spouse or registered domestic partner with eligible children receives a monthly amount after the death of the member. The maximum family allowance is 90 percent of the member's final compensation determined based on the member's actual earnings: 40 percent to the spouse or partner, and 10 percent for each eligible dependent child, up to 50 percent for five or more children.

When there are no eligible children, the surviving spouse or registered domestic partner may take a lump-sum refund of the remaining contributions and interest in the member's account or may elect to receive an allowance equal to one-half of the amount of the benefit the member would have received, had the member elected a former Option 3 and retired at age 60. This benefit is calculated using the member's projected final compensation and projected service credit to age 60 beginning either on the spouse's 60th birth date, or immediately with an actuarial reduction.

If there are dependent children with no surviving spouse or registered domestic partner, an allowance of 10 percent of the member's final compensation determined based on the member's actual earnings, or the disabled member's projected final compensation, is payable for each eligible child up to a maximum of 50 percent of final compensation.

If there is neither a surviving spouse or registered domestic partner nor a dependent child, the member's dependent parents may elect to receive an allowance equal to one-half of the amount of the benefit the member would have received, had the member elected a former Option 3 and retired at age 60. This benefit is calculated using the member's projected final compensation and projected service credit to age 60 beginning either on the member's 60th birthday, or immediately with an actuarial reduction.

Contributions and Interest
If there is no surviving spouse or registered domestic partner, eligible children, or dependent parent, the contributions and interest are paid to the member's designated death benefit recipient, or to the member's estate if no death benefit recipient is designated.

Benefit Reductions
The family allowance will be reduced by an amount equal to any benefit payable by another public system for the member's death. Other public systems include Social Security, federal civil service retirement, and any other public retirement system, including disability programs financed from public funds.

Survivor Benefits—Coverage B

Eligibility

Benefits are payable to survivors of a person who either became a member on or after October 16, 1992, or elected Coverage B, if the member was actively employed at the time of death, or died after January 1, 2007, while on a leave of absence to perform qualified military service, had not made a preretirement election of an option, and had a minimum of one (1.000) year service credit.

Lump-Sum Death Payment

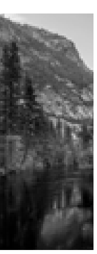
A $25,488 lump-sum death payment is payable to the member's designated recipient if the member dies prior to retirement and had one or more years of credited service and other eligibility requirements are met. The amount of the death payment may be adjusted by the board following each actuarial valuation based on changes to the CCPI. If the member dies after retirement, the one-time death benefit is $6,372.

Basic Benefit

The surviving spouse or registered domestic partner may elect to receive a monthly benefit or take a lump-sum refund of the contributions and interest in the member's account.

Surviving Spouse or Registered Domestic Partner Eligibility

The surviving spouse or registered domestic partner must be married to the member or registered as a domestic partner with the member for at least one year prior to the date of death, unless the member's death was the result of an accident that occurred or an illness that was diagnosed after the date of the marriage or domestic partnership.



Spousal Allowance

If the surviving spouse or registered domestic partner elects not to take a lump-sum refund of the contributions and interest in the member's account, the surviving spouse or registered domestic partner receives an allowance equal to one-half of the amount of the benefit the member would have received, had the member elected a former Option 3 and retired at normal retirement age. The surviving spouse may elect to begin receiving the spousal allowance immediately as of the date of the member's death or defer receipt of the allowance to the date the member would have attained normal retirement age. If the surviving spouse elects to receive the allowance prior to the date the member would have attained normal retirement age, the allowance payable will be actuarially reduced. The spousal allowance is payable whether or not there is a dependent child.

Children's Allowance

If the surviving spouse or registered domestic partner elects not to take a lump-sum refund of the contributions and interest in the member's account, an additional allowance is payable for each eligible dependent child equal to 10 percent of the member's final compensation determined based on actual earnings, with a maximum benefit of 50 percent for five or more children.

If there are dependent children with no surviving spouse or registered domestic partner, an allowance of 10 percent of the member's final compensation determined based on actual earnings is payable for each eligible child up to a maximum of 50 percent of final compensation. Benefits will end on the day before the children reach age 21 or die, whichever occurs first.

To be eligible, the member's natural or adopted children or stepchildren must be born no later than 10 months after the date of the member's death, be under age 21, and have been financially dependent on the member at the time of death, regardless of student, marital, or employment status.

Contributions and Interest

If there is no surviving spouse, registered domestic partner, or eligible dependent children, the contributions and interest in the member's account are paid to the member's designated death benefit recipient, or estate.

Benefit Reductions

The survivor benefit allowance may be reduced by any judgments against or settlements with the third party who caused the member's death.

Defined Benefit Supplement Program

Program Description

The Defined Benefit Supplement (DBS) Program is a supplemental cash balance plan for Defined Benefit Program members. A cash balance plan is a hybrid retirement plan that has attributes of a defined benefit plan, such as lifetime annuities, as well as those of a defined contribution plan, such as benefits determined based on the accumulation of an account balance.

Eligibility Requirements

All members of the DB Program who make contributions to CalSTRS on creditable compensation earned on and after January 1, 2001, have an account under the DBS Program and are eligible to receive a DBS benefit based on the amount of funds contributed to the DBS account and accrued interest. Membership in the DBS Program is not optional.

Contributions (CalSTRS 2% at 60)

Between January 1, 2001, and December 31, 2010, members of the DB program had a portion of their 8 percent employee contributions allocated to a DBS Program account established for each member. Twenty-five percent of the member's contribution (a total of 2 percent of creditable compensation) was credited to the member's DBS account, and the remaining 75 percent of the contribution was credited to the DB Program. As of January 1, 2011, 100 percent of the member's contribution is credited to the DB Program.

In addition, for 2% at 60 members, members and employers each contribute 8 percent for a total of 16 percent of limited-term payments, retirement incentives, compensation intended to enhance a member's benefits, and compensation for creditable service in excess of one year, which is credited to the member's DBS account. These contributions are credited to the DBS account each July 1, although limited-term enhancements are credited when reported.

Contributions (CalSTRS 2% at 62)

For members under CalSTRS 2% at 62, only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreement is creditable. Any such compensation for service in excess of one year in a school year will continue to be credited to the DBS Program. Members contribute at a rate equal to 50 percent of the normal, ongoing cost of benefits in the DB Program, rounded to the nearest quarter percent, which is 9 percent for 2018–19. Employers contribute an additional 8 percent for a total of 17 percent, which is then credited to the member's DBS account. Other compensation, such as bonuses, compensation paid a limited number of times and compensation determined to have been paid for the purposes of enhancing a benefit, is not creditable to any CalSTRS benefit program.

Program Investments

Contributions to the DBS Program are invested by CalSTRS in the same manner as other contributions received by CalSTRS.

Guaranteed Interest Rate

Funds in a member's DBS account earn interest at a guaranteed minimum rate that is set each year by the Teachers' Retirement Board. The interest rate is based on 30-year U.S. Treasury bonds for the period from March to February immediately prior to the plan year. The rate in 2018–19 is 2.89 percent.

Voluntary Contributions to the DBS Program

Members may not make additional voluntary contributions to the DBS Program.

Gain and Loss Reserve

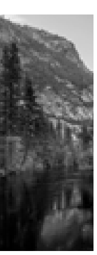
Funds accumulate in a Gain and Loss Reserve to credit interest to members' accounts during years when the rate of return on investments is less than the guaranteed interest rate. Annual additions to the Reserve are determined by the board on earnings in excess of those needed to credit the guaranteed interest rate and pay administrative costs. The Reserve is also used to ensure adequate funds are available in the Annuitant Reserve, which is established to make monthly annuity payments. (See "Actuarial Principles and the Valuation Process" for more information.)

Additional Earnings Credit

After the end of the plan year, when the total investment earnings for the immediately preceding plan year are known, the board may declare an additional earnings credit. Under board policy, an additional earnings credit could be declared if the funded ratio of the DBS Program is greater than 100 percent by an amount exceeding one standard deviation of the expected long-term investment return. In addition, the amount of the credit shall not result in a funded status less than 100 percent plus one standard deviation of the expected long-term investment return. For purposes of the June 30, 2017, actuarial valuation, one standard deviation of the expected long-term investment return was equal to 15 percent. Any additional earnings credit is applied to the balance of each member's account as of the last day of the plan year; however, the date upon which the additional earnings credit is applied to members' accounts is specified by the board. The board adopted an additional earnings credit of 3.61 percent for the 2012–13 plan year, 4.5 percent for the 2013–14 plan year, 3.95 percent for the 2014–15 plan year, and 4.12 percent for the 2016–17 plan year.

Retirement Eligibility

To retire, a member must terminate all creditable service under the Plan and retire for service under the DB Program. Distribution of a retirement benefit must begin by April 1 of the year after the member reaches age 70½, unless the member continues to perform creditable service.



Early Withdrawals

Both federal and state tax codes impose tax penalties for certain early withdrawals for members under age 59½ who do not rollover funds unless, for example, the member is age 55 or older and has terminated employment. A 10-percent federal and, for California residents, a 2.5-percent state tax penalty will be assessed for early withdrawals, in addition to the normal tax liability.

Rollover

Members are not permitted to transfer funds from eligible retirement plans into the DBS account. When a member becomes eligible for a distribution under the DBS Program, the DBS funds may be rolled over to another qualified plan, such as a 403(b) or 457(b) plan, or a traditional or Roth IRA, under applicable federal and state laws and regulations.

Reinstatement from Retirement

If a member reinstates from service retirement after commencing a monthly annuity, the annuity will be terminated and a credit balance will be applied to the member's account. The member must reapply for a subsequent retirement.

Program Benefits

Retirement and Disability Benefits

A DBS benefit is payable when retiring under the DB Program. A member will receive a disability benefit under the DBS Program beginning on the effective date of the member's disability retirement or disability allowance benefit. The following payment options are available for a retirement or disability benefit from the DBS Program:

- A lump-sum benefit equal to the balance of the member's account.

Or

- One of the following five annuities, if the member's account balance is $3,500 or more and the member is otherwise eligible depending upon whether he or she is under Coverage A or B:

Member-Only Annuity

Provides a single-life annuity with a cash refund feature. Upon the retired or disabled member's death, the member's death benefit recipient receives a lump-sum payment of the balance in the member's DBS account. Disability retirement members (Coverage B) who made a Defined Benefit Option selection when applying for disability may not select the Member-Only Annuity.

100% Beneficiary Annuity

Provides a monthly annuity for the member's lifetime and then for the lifetime of the member's annuity beneficiary. Upon the member's death, the member's annuity beneficiary receives 100 percent of the amount of the annuity the member received. If the member's beneficiary predeceases the member, the Member-Only Annuity is paid to the member; the member may designate a new annuity beneficiary. Beneficiary annuities may only be selected by members who are applying for service retirement or by disability retirement members (Coverage B) who made a Defined Benefit option selection. The DBS annuity beneficiary will be the same as the DB option beneficiary.

75% Beneficiary Annuity

Provides a monthly annuity for the member's lifetime and then for the lifetime of the member's annuity beneficiary. Upon the member's death, the member's annuity beneficiary receives 75 percent of the amount of the annuity the member received. If the member's beneficiary predeceases the member, the member's annuity reverts to the Member-Only Annuity; the member may designate a new annuity beneficiary. Beneficiary annuities may only be selected by members who are applying for service retirement or by disability retirement members (Coverage B) who made a Defined Benefit option selection. The DBS annuity beneficiary will be the same as the DB option beneficiary. Under the 75% Beneficiary Annuity, federal law restricts the choice of a nonspouse option beneficiary to someone who cannot be more than exactly 19 years younger than the member.

50% Beneficiary Annuity

Provides a monthly annuity for the member's lifetime and then for the lifetime of the member's annuity beneficiary. Upon the member's death, the member's annuity beneficiary receives 50 percent of the amount of the annuity the member received. If the member's annuity beneficiary predeceases the member, the member's annuity reverts to the Member-Only Annuity; the member may designate a new annuity beneficiary. Beneficiary annuities may only be selected by members who are applying for service retirement or by disability retirement members (Coverage B) who made a Defined Benefit option selection. The DBS annuity beneficiary will be the same as the DB option beneficiary.

Period Certain Annuity

Provides an annuity paid in whole-year increments to the member over a period no less than three years and no more than 10 years in length, as specified by the member. If the member's death occurs before the end of the specified period, the remaining balance of payments will be paid to the member's death benefit recipient.

Or

- Choose a combination of a lump-sum benefit and an annuity, provided the member's balance after the lump-sum benefit is $3,500 or more.

If the member designates one or more option beneficiaries under the Compound Option, the percentage of the monthly benefit assigned to each option beneficiary also applies to the beneficiary annuity under the DBS Program. The member must elect one beneficiary annuity, which is applied equally for each beneficiary designated under the Compound Option. If the member elects to retain a percentage of the DB benefit as the Member-Only Benefit, then the same percentage of the member's DBS benefit remains as the Member-Only Annuity. Federal law requires that under the Compound Option, the nonspouse option beneficiary cannot be either more than exactly 19 years younger than the member under the 75% Beneficiary Annuity, or more than exactly 10 years younger than the member under the 100% Beneficiary Annuity.

Disability Eligibility

A member receives a DBS Program disability benefit when he or she receives a DB Program disability benefit. A member will receive a disability benefit under the DBS Program beginning on the effective date of the member's disability retirement or disability allowance benefit.

Final Benefit

Death Prior to Retirement

The balance of the member's account is payable to the named death benefit recipient. If no valid recipient designation form is on file with the system, the lump-sum payment will be paid to the member's estate.

Death Benefit Recipient

The death benefit recipient to whom a final benefit is payable may elect to receive the benefit in the form of a Period Certain Annuity, provided the balance of the member's account is $3,500 or more.

Death of Member Receiving Annuity

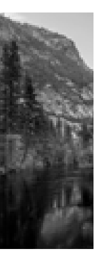
Upon the death of a member, the annuity is payable in accordance with terms of the annuity option elected by the member. Depending on the annuity selected by the member, there may not be a payment to a beneficiary.

Termination Benefit

Upon termination of all creditable service subject to coverage under the plan, for any reason other than death, disability, or retirement, a member may apply for a lump-sum termination benefit. The benefit amount is equal to the balance of the member's DBS account. A member who receives a lump-sum termination benefit and later returns to work may not redeposit this DBS benefit payment.

The termination benefit is payable after six consecutive months have elapsed following the member's employment termination date. The application for a termination benefit will be canceled automatically if the member performs creditable service within six consecutive months following termination of employment.

A member may not apply for a termination benefit if less than five years have elapsed after payment of the most recent termination benefit to the member.



Cash Balance Benefit Program

Program Description

The Cash Balance (CB) Benefit Program is a cash balance plan that meets the requirements of Internal Revenue Code section 401(a). A cash balance plan is a hybrid retirement plan that has attributes of a defined benefit plan, such as lifetime annuities, as well as those of a defined contribution plan, such as benefits determined based on the accumulation of an account balance. It is optional to employers as an alternative retirement program to Social Security, private plans or the CalSTRS DB Program. The CB Benefit Program is a retirement program for employees of California's public schools who are hired to perform creditable service by any of the following:

1. School district or county office of education:
   - On an hourly or daily basis; or
   - In a contract position for less than 50 percent for each full-time position.
2. Community college district:
   - On a part-time or temporary basis not subject to mandatory membership in the DB Program; or
   - For not more than 67 percent of a full-time position.
3. Governing body of a school district or community college district as a trustee.

Employer Election to Offer Program

Employers may elect to offer the CB Benefit Program to eligible employees exclusively, or in addition to other alternative plans or Social Security, through formal board action.

Eligibility Requirements

When an employer first elects to offer the CB Benefit Program, persons who are employed to perform creditable service or serve as a trustee, and meet the participation requirements may elect to become participants on the later of either: 1) the first day on which creditable service is performed, or 2) the effective date of the employer's governing board's action to provide the CB Benefit Program.

Note: An employee who has a full-time position performing creditable service may not participate in the CB Benefit Program with the same employer.

Part-time employees working for multiple employers who perform creditable service on a part-time basis may elect to participate in the CB Benefit Program for each employer who offers it, regardless of Defined Benefit Program membership.

Elections

A member of the DB Program who is employed to perform creditable service on an hourly, adjunct, or contract basis may elect to participate in the CB Benefit Program if offered by the employer.

Employees have the right to elect coverage under either Social Security or an alternative plan in lieu of the CB Benefit Program if the employer's governing board's action provides for this option. An election to participate in either Social Security or an alternative plan does not prevent an employee from electing to participate in the CB Benefit Program at a later date, as long as the CB Benefit Program is provided by the employer and the employee is eligible to participate.

Discontinued Eligibility

Employees may not continue to contribute to the CB Benefit Program and must become members of the DB Program in a specific district when their basis of employment for that employer changes to either:

- 50 percent or more for each full-time position when employed by a school district or county office of education; or
- A position subject to mandatory DB Program membership in a community college district.

Participation in the CB Benefit Program will also cease when an employee elects to become a member of the DB Program for that employer, which may occur at any time, or when the employee accepts a contract for a full-time position performing creditable service for any employer.

Social Security Participation

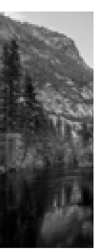
If the governing board of a community college employer takes action to provide Social Security coverage to part-time employees after the employee has elected participation in the CB Benefit Program, the employee may terminate CB participation and begin contributing to Social Security. However, former CB participants will not be eligible for a CB benefit until they terminate all CalSTRS creditable service.

Contributions

Each employer contributes a minimum of 4 percent of salary on behalf of each participating employee. Through the collective bargaining process, employers are permitted to negotiate different levels of employee and employer contributions, as long as the following conditions are met:

- The sum of the employee and employer contributions equal or exceed 8 percent of employee salary;
- The employee contribution rate may exceed the employer contribution rate, but in no event may the employer contribution rate be less than 4 percent;
- The employee and employer contribution rates are the same for each participant employed by the employer;
- The contribution rates as determined under the collective bargaining agreement become effective on the first day of the plan year after ratification of the agreement and remain in effect for at least one plan year;
- The employee and employer contribution rates must be in one-quarter increments.

Starting with contracts entered into or changed on or after January 1, 2014, the employee contribution rate cannot be less than the employer contribution rate.



Vesting

A participant has an immediate vested right to a benefit equal to the sum of the balance of contributions, including any compounded interest earned on his or her employee and employer accounts.

Program Investments

Contributions to the CB Benefit Program are invested by CalSTRS in the same manner as other contributions received by CalSTRS, excluding private equity and real estate.

Guaranteed Interest Rate

The CB Benefit Program has a guaranteed interest rate that is determined annually by the Teachers' Retirement Board. The rate is based on the average of 30-year U.S. Treasury bonds for the period from March to February immediately preceding the plan year. The interest rate in 2018–19 is 2.89 percent.

Gain and Loss Reserve

Funds accumulate in the Reserve to credit interest to participants' employee and employer accounts during years when the rate of return on investments is less than the guaranteed interest rate. Annual additions to the Reserve are determined by the board on earnings in excess of those needed to credit the guaranteed interest rate and pay administrative costs. The Reserve is also used to ensure adequate funds are available in the Annuitant Reserve, which is established to pay monthly annuity payments. (See "Actuarial Principles and the Valuation Process" for more information.)

Additional Earnings Credit

After the end of the plan year, when the total investment earnings for the immediately preceding plan year are known, the board may declare an additional earnings credit. An additional earnings credit is declared if the funded ratio of the CB Benefit Program is greater than 100 percent by an amount exceeding one standard deviation of the expected long-term investment return. In addition, the amount of the credit shall not result in a funded status less than 100 percent plus one standard deviation of the expected long-term investment return. For purposes of the June 30, 2017, actuarial valuation, one standard deviation of the expected long-term investment return was equal to 13 percent. The board's resolution to grant any additional earnings credit takes effect the last day of the plan year. However, the actual date upon which the additional earnings credit is applied to the participant's account is specified by the board. The board adopted an additional earnings credit of 3.25 percent for the 2012–13 plan year, 4 percent for the 2013–14 plan year, 2.64 percent for the 2014–15 plan year, and 3.62 percent for the 2016-2017 plan year.

Early Withdrawals

Both federal and state tax codes impose tax penalties for certain early withdrawals for participants under age 59½ who do not rollover funds unless, for example, the participant is age 55 or older and has terminated employment. A 10-percent federal and, for California residents, a 2.5-percent state tax penalty will be assessed for early withdrawals, in addition to the normal tax liability.

Rollover

Participants may transfer funds from eligible retirement plans into the CB Benefit Program, as long as the transfers are allowable under applicable federal and state income tax laws.

Retirement and Disability Benefits

The CB Benefit Program offers a retirement benefit and a disability benefit, if the board determines the participant has a total and permanent disability. The following distribution choices are available as a retirement or disability benefit from the CB Benefit Program:

- A lump-sum benefit equal to the balance of the participant's employee and employer contributions plus interest that is not payable until 180 calendar days after the date employment is terminated. The entire amount of the lump-sum payment may be rolled-over into an IRA, defined contribution plan or other eligible retirement plan that accepts such rollovers.

Or

- Participant may choose one of the following five annuities, if the participant's account balance is $3,500 or more.

Participant-Only Annuity

Provides a single-life annuity with a cash refund feature. Upon the retired participant's death, the balance of the participant's account will be paid in a lump sum to the participant's death benefit recipient.

100% Beneficiary Annuity

Provides a monthly annuity for the participant's lifetime and then for the lifetime of the participant's annuity beneficiary. Upon the participant's death, 100 percent of the participant's monthly annuity will be paid to the participant's annuity beneficiary. If the beneficiary predeceases the participant, a Participant-Only Annuity will be paid to the participant.

75% Beneficiary Annuity

Provides a monthly annuity for the participant's lifetime and then for the lifetime of the participant's annuity beneficiary. Upon the participant's death, 75 percent of the participant's monthly annuity will be paid to the participant's annuity beneficiary. If the beneficiary predeceases the participant, a Participant-Only Annuity will be paid to the participant. Under the 75% Beneficiary Annuity, federal law restricts the choice of a nonspouse option beneficiary to someone who cannot be more than exactly 19 years younger than the member.

50% Beneficiary Annuity

Provides a monthly annuity for the participant's lifetime and then for the lifetime of the participant's annuity beneficiary. Upon the participant's death, 50 percent of the participant's monthly annuity will be paid to the participant's annuity beneficiary. If the beneficiary predeceases the participant, a Participant-Only Annuity will be paid to the participant.

Period-Certain Annuity

The annuity will be paid in whole-year increments over a period of no less than three years and no more than 10 years in length, as specified by the participant. If the participant's death occurs before the end of the specified period, the remaining balance of payments will be paid to the participant's death benefit recipient.

Spouse and Registered Domestic Partner

The CB Benefit Program provides equal coverage for participants' spouses and registered domestic partners. Except where prohibited by federal law, all provisions of the CB Benefit Program that apply to a married participant's spouse also apply to the registered domestic partner of a participant. To be eligible, a participant and his or her domestic partner must register with the California Secretary of State.

Reemployment After Retirement

If a participant is employed to perform creditable service subsequent to commencing a monthly annuity, the annuity will be reduced dollar for dollar by the amount earned during the first 180 calendar days following his or her retirement effective date up to the benefit payable during that period. This is known as the separation-from-service requirement.

Retirement Eligibility

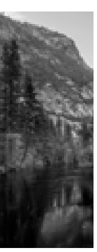
Normal retirement age is 60 for most participants performing creditable service or covered by another public retirement system prior to 2013, and 62 for participants subject to the Public Employees Pension Reform Act of 2013. Participants may not retire earlier than age 55. To retire, a participant must terminate all creditable service subject to coverage by CalSTRS and apply for a retirement benefit.

Required Minimum Distribution

Federal law requires that distribution of a retirement benefit must begin by April 1 of the year after the participant reaches age 70½, unless the participant continues to perform creditable service.

Disability Eligibility

A participant may apply for disability at any time. All creditable service subject to coverage under the CB Benefit Program (and DB Programs, if applicable) must be terminated prior to the disability date. A disability benefit will become payable only upon determination by the board that the participant has a total and permanent disability.



Final Benefit

Death of Participant Prior to Retirement

Normal distribution is a lump-sum benefit. The sum of the participant’s employee and employer accounts is payable to the named death benefit recipient. If no valid recipient designation form is on file with the System, the lump-sum payment will be paid to the participant’s estate.

Death Benefit Recipient

A participant’s death benefit recipient may elect to receive the benefit as a Period-Certain Annuity, provided the balance of the participant’s account equals or exceeds $3,500.

Termination Benefit

Upon termination of all creditable service subject to coverage by the Plan, for any reason other than death, disability, or retirement, a participant may apply for a lump-sum termination benefit (commonly referred to as a refund). The benefit amount is equal to the sum of the employee and employer accounts, plus interest as of the date the benefit is paid. A participant who receives a termination benefit and later returns to CB-covered employment may not redeposit funds into his or her CB account.

The termination benefit is payable after six calendar months have elapsed following the last date of paid employment of all CalSTRS creditable service subject to coverage by the CB Benefit and DB programs. The application for a termination benefit will be canceled automatically if the participant performs any CalSTRS creditable service within six calendar months following the date of termination of employment.

A participant may not apply for a termination benefit if less than five years have elapsed after payment of the most recent termination benefit to the participant.

Consolidation of Cash Balance and Defined Benefit Coverages

If a member has benefit coverage under both the DB and CB Benefit Programs and meets certain eligibility requirements, the member may elect to have his or her benefit coverage consolidated under the DB Program. To be eligible, the member must:

- Currently be making contributions under the DB Program;
- No longer be contributing to his or her CB account;
- Have eligible CB service to convert; and
- Have funds in his or her CB account.

When a member elects to consolidate these benefits, the contributions and interest from his or her CB account are transferred to the DB Program balance, and the CB account is closed. CalSTRS determines the service credit that could be added to the DB account based on the work the member performed as a CB participant and applies those funds toward the cost of converting the eligible CB service to the DB Program. If a balance remains in the CB account after conversion, the balance is transferred to the member’s DBS account.

Medicare Premium Payment Program

The Federal Medicare Program

Federal Medicare health insurance comes in three parts: Medicare Part A (hospital), Medicare Part B (medical), and Medicare Part D (prescription drug coverage). To be eligible for federal Medicare health insurance coverage, an individual must be at least 65 years of age, a resident of the United States, and a U.S. citizen or a legal resident. A few people under 65 years of age are also eligible. While California educators do not pay into Social Security, as of April 1986, new employees do pay the Medicare tax of 1.45 percent of gross earnings and can earn up to four credits per year.

Most people do not pay for Medicare Part A because they have earned at least 40 Medicare credits by paying the Medicare payroll tax or have eligibility through a spouse who has earned at least 40 Medicare credits. However, most people do pay for Medicare Part B. In addition, all individuals with Medicare have access to prescription drug coverage under Medicare Part D.

Medicare Premium Payment Program Description

The Medicare Premium Payment (MPP) Program began on July 1, 2001. Under the program, CalSTRS pays the Medicare Part A premiums for eligible retired Defined Benefit Program members who do not qualify for premium-free Medicare Part A coverage. CalSTRS also pays the Medicare Parts A and B late enrollment surcharges for DB members who retired prior to January 1, 2001, provided that CalSTRS is paying for their Medicare Part A premiums, and they enrolled in Medicare by July 1, 2001. CalSTRS cannot pay any late enrollment surcharges for DB members who enrolled in Medicare after July 1, 2001. As a service and with authorization from a retired DB member, CalSTRS will also deduct the Medicare Part B insurance premium from the member's benefit and forward the premium to the Centers for Medicare and Medicaid Services, the federal agency that administers Medicare.

Program Eligibility Requirements

All DB members retired prior to January 1, 2001, who enroll in both Medicare Parts A and B and do not qualify for premium-free Medicare Part A coverage are eligible for the MPP Program. The board had extended the program to retired DB members who retired prior to July 1, 2012, provided that the DB members retired from districts that had completed or were in the process of completing a Medicare Division election by the date of their retirement. Members retiring after January 1, 2001, must retire during the 10-day Medicare election period or any time thereafter. Furthermore, if a Medicare election was held after January 1, 2001, and the member was less than 58 years of age at the time, they must have elected Medicare coverage.

Effective January 1, 2004, disabled members who otherwise meet eligibility criteria are also eligible for the MPP Program. This program is not available to a member's spouse, domestic partner, or beneficiaries.

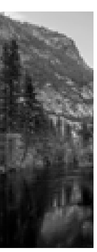
Members who retire on or after July 1, 2012, are not eligible to have their Part A premiums covered by CalSTRS under the MPP Program.

Medicare Division Elections

CalSTRS members employed by school employers, including county offices of education, and hired before April 1986 are not required to pay the Medicare payroll tax. All employees hired after April 1, 1986, must pay the Medicare payroll tax. However, employers could have held a Medicare Division election, during which employees hired prior to April 1986 elected to pay the Medicare payroll tax. If the employee chose to pay the Medicare payroll tax, the employer also pays a matching Medicare payroll tax.

There are a few employers for which all the employees hired prior to April 1986 are 58 years of age or older. In addition, some employers unified or consolidated after April 1986. If the employees of these employers paid the Medicare payroll tax after the consolidation, there is no need for the employer to hold a Medicare Division election. The district must write a letter to CalSTRS to certify either of the above.

History of CalSTRS Benefits



Summary

Chapter 694, Statutes of 1913 (AB 1263), established the Public School Teachers' Retirement Salary Fund as a function of the State Board of Education, effective July 1, 1913. CalSTRS was created to provide California teachers with a secure financial future during their retirement years and to provide an incentive for them to stay in the teaching profession their entire working careers.

All certificated public school teachers, teaching superintendents, supervising executives, or educational administrators automatically became members of the retirement system when it was first established. Membership in the Defined Benefit Program currently includes all employees in California public schools in positions requiring membership, from prekindergarten through community college. With more than 949,000 members and benefit recipients, CalSTRS is the nation's largest public teachers' pension fund and the second largest public pension fund based on market value. As of December 31, 2018, the market value of the Teachers' Retirement Fund was $214.9 billion.

1913

- Initial retirement pension of $500 per year paid in quarterly installments of $125.
- Teachers required to have 30 years of teaching service, at least half of which was in California schools, including the 10 years prior to retirement.
- Eligibility for disability benefits required 15 years of California teaching service; benefits prorated for actual years of service.
- Survivor benefits not provided under the original benefit structure.

1935

- AB 794 (Clark, et al.) increased retirement benefits to $600 per year.

1944

- AB 13 (Bashore, et al.) led to the first of several major CalSTRS redesigns:
  - » Disability benefits improved; all retirees with at least 30 years of credited service guaranteed a minimum retirement allowance of $60 per month.
  - » Age 63 was established as the normal retirement age with specified reductions for early retirement, starting at age 58.
  - » Vesting changed from 30 years to 10 years of service.

1950s

- Normal retirement age reduced from 63 to 60 and early retirement age reduced from 58 to 55.
- First death benefit program established with benefits fixed at one month's salary for every year of service (up to a maximum of six months salary for six years of service).

1953

- The minimum retirement allowance rose from $60 to $170 per month for those who retired at age 60 or older with 30 years of credited service.

1956

- Benefits calculated based on fixed percentage (1.667 percent) of final compensation for each year of credited service, rather than on accumulated earnings; tied benefits to varying economic conditions (final compensation) and not fixed dollar values (accumulated contributions).

1958

- Vesting reduced from 10 to 5 years.

1959

- The first Survivor Benefits program was established to provide continuing benefits for the dependent children and spouses of deceased members.

1963

- First CalSTRS tax-sheltered annuity program created.

1971

- AB 543 (Barnes) established the following basic benefit structure:
  - » Benefit formula: 2 percent of final compensation at age 60;
  - » $2,000 lump-sum death payment;
  - » Family Allowance program;
  - » Disability benefit: 50 percent of final compensation;
  - » 2-percent simple annual benefit adjustment.
  - » The minimum retirement allowance was set at $10 per month, multiplied by years of service.

1974

- SB 647 (Harmer) granted service credit for unused sick leave for members retiring on or after March 23, 1974.

1979

- SB 629 (Sieroty) awarded an ad hoc benefit increase to members who retired prior to June 30, 1973.
- SB 797 (Russell) limited the crediting of service for unused sick leave to individuals who became members prior to July 1, 1980.

1980

- SB 1557 (Sieroty, et al.) established a minimum unmodified allowance to guarantee no less than $16 per month for each year of service credit for pre-January 1, 1981, retirees.

1981

- SB 744 (Sieroty) established a minimum unmodified allowance to guarantee no less than $18 per month for each year of service credit for pre-January 1, 1982, retirees.

1984

- AB 2223 (Hughes) established the Golden Handshake Program with a sunset date of July 1, 1987.

1985

- Mandatory Medicare for new hires of state and local governments became law as part of the Consolidated Omnibus Budget Reconciliation Act of 1985. All new hires in California public schools on or after April 1, 1986, are subject to a payroll tax equal to 1.45 percent of salary, and in return, they can earn coverage by Medicare.

1986

- Converted to unisex option factors.

1987

- AB 960 (Hughes, et al.) extended sunset date for Golden Handshake Program to June 30, 1990.
- SB 990 (McCorquodale) authorized concurrent retirement for CalSTRS members who move to employment covered by the Legislators' Retirement System.

1988

- AB 3195 (Elder) authorized certain retirees of CalSTRS to elect to purchase up to four years of military service credit.
- SB 1190 (Lockyer) established separate accounts for service credit, contributions, and interest awarded to a nonmember spouse.
- The President signed Technical and Miscellaneous Revenue Act of 1988, which modified limitations for Section 415(b) of 1986 IRC for government plans.

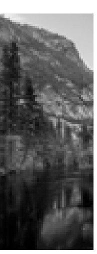
1989

- SB 1407 (Green, et al.) and SB 1513 (Campbell, et al.) established the SBMA funding stream to restore 68.2 percent of the original purchasing power of benefits and required annual distribution of this benefit.
- SB 686 (Green) extended interest payments to option beneficiaries for late monthly allowance payments.
- SB 1039 (Green) changed the adjustment to the postretirement earnings limit from 50 percent to 100 percent of the change in the All Urban, California Consumer Price Index.

1990

- AB 2609 (Hughes, et al.) extended sunset date of the Golden Handshake Program to December 31, 1993.
- AB 4048 (Elder, et al.) increased the postretirement earnings limit to $15,000, adjusted annually according to the All Urban, California Consumer Price Index.

- AB 4284 (Elder, et al.) adjusted calculations used in postdisability service retirement allowances for those members who retired after reinstatement from disability.
- ABX1 53 (Elder) authorized CalSTRS to establish a loan program to assist with natural disaster situations.
- AJR 71 (Bentley, et al.) memorialized Congress to establish a process by which CalSTRS retirees can purchase the quarters needed to meet Medicare Part A eligibility.
- SB 682 (Green) added Options 6 and 7 to allow a retiree to return to the Member-Only Benefit in the case of the designated beneficiary's death.
- SB 2469 (Green) appropriated funds to study the equity of benefits available under CalSTRS. The resulting study identified inequities, recommended solutions, and was presented to the Legislature in October 1991.
- The President signed the Older Workers Benefit Protection Act, which required CalSTRS to enact new disability benefit programs that do not discriminate on the basis of age.
- The President signed the Omnibus Budget Reconciliation Act of 1990, which required all public employees not covered by a state or local retirement plan meeting specified standards to be covered by Social Security. This led to the development of the CalSTRS Cash Balance Benefit Program for part-time, substitute, adjunct or temporary educators.



1991

- SB 1171 (Committee on Public Employment and Retirement) allowed CalSTRS members who served on active duty in the Persian Gulf conflict to purchase credit for the time spent on military leave.

1992

- AB 2538 (Moore) permitted members to purchase service credit for time spent on approved family care leave.
- AB 2721 (Elder, et al.) authorized CalSTRS to make rollovers directly to other eligible retirement plans to avoid the new federal 20 percent withholding requirement on the taxable portion of lump-sum distributions.
- SB 1884, SB 1885, and SB 1886 (Green) restructured CalSTRS Disability and Survivor Benefits Program to comply with the federal Older Workers Benefit Protection Act. Applicable to all DB Program members hired on and after October 16, 1992, and to members who elected it during the 1992-1993 benefit election period, the new benefits structure was referred to as Coverage B. Significant ways in which Coverage B differs from the Coverage A benefits available to members prior to enactment of these bills include the following:
  - » A member is eligible for lifetime disability benefit of 50 percent of final compensation, so long as the member remains disabled (under Coverage A, the disability benefit ceases at age 60, or when children are no longer eligible, whichever is later).
  - » Children's benefit to age 21, if eligible (under Coverage A, the child's benefit ceases at age 22).
  - » Reduced offsets (under Coverage A, benefits from other public systems, including employer-paid income protection plans, are offset; under Coverage B, only workers' compensation benefits are subject to offset).
  - » A member receiving a disability benefit under Coverage B can elect an option to provide a lifetime benefit to his or her survivors (under Coverage A, survivors of a member receiving a disability allowance are eligible to receive a family allowance benefit).
  - » A surviving spouse and children of a member who dies prior to retirement are eligible for benefits calculated under a separate formula under Coverage B that, unlike Coverage A, does not use projected service credit or projected final compensation.

In addition, for disability and survivor benefits under both Coverage A and B, these bills:

- » Eliminated the remarriage penalty.
- » Increased the lump-sum death benefit for active members to $5,000 for Coverage A

and $20,000 for Coverage B, and provided that those amounts may be increased by the board, based on changes in the All Urban, California Consumer Price Index.

- The President signed the Unemployment Compensation Amendments Act to allow for rollovers.

1993

- SB 698 (Torres) allowed a member’s retirement allowance calculation to be based on the member’s highest earnable compensation during any three nonconsecutive years of CalSTRS membership if the member’s salary was reduced due to budget restrictions; authorized employers to elect to preserve members’ retirement benefits when salary reductions due to budget cuts have occurred.
- SB 754 (Hughes) allowed a CalSTRS member who retired under Option 2 or 3 before January 1, 1991, to change to Option 6 or 7.
- SB 857 (Committee on Public Employment and Retirement) expanded the CalPERS Long-Term Health Care Program to include CalSTRS members.

1994

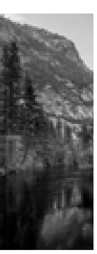
- AB 2550 (Karnette) repealed the administrative fee for processing a refund to a member.
- AB 2554 (Solis) required CalSTRS employers to inform part-time teachers of their right to elect membership in CalSTRS.
- AB 2647 (Aguiar) extended membership in CalSTRS to part-time and substitute adult education teachers.
- AB 3064 (Morrow) required CalSTRS to offer a tax-sheltered annuity program.
- AB 3407 (Committee on Public Employees, Retirement and Social Security) required CalSTRS to offer a mid-career retirement planning information program.
- AB 3705 (Committee on Public Employees, Retirement and Social Security) permitted CalSTRS to develop one or more deferred compensation plans.
- SB 858 (Committee on Public Employment and Retirement) re-established the Retirement Incentive Program and provided an additional two years of service credit through December 31, 1998.
- The President signed the Uniformed Services Employment and Reemployment Rights Act (USERRA), which allows returning military veterans to make up pension accruals.

1995

- AB 948 (Gallegos) extended the postretirement earnings limit exemption to certain retired members who return to administrative positions necessary to ensure or restore the financial stability of a troubled school district.
- AB 1122 (Cannella) established minimum standards for full-time employment for all classes of employees for the purposes of crediting service.
- AB 1298 (Ducheny, et al.) established the Cash Balance Benefit Program to be administered by CalSTRS for part-time public school employees.
- AB 1441 (Davis) eliminated the requirement that a surviving spouse of a CalSTRS member must wait to turn 60 to receive a monthly allowance under Coverage A; changed the age and service requirements to make a preretirement option election to be the same as eligibility requirements for retirement; and adjusted the assessment for canceling an option to better reflect actual costs to CalSTRS of providing that coverage.

1996

- AB 3032 (Burton) suspended the requirement for a dependent child to maintain full-time student status to remain eligible for disability or family allowance under Coverage A through January 1, 2002.
- The President signed amendments to Title 4 of the U.S. Code, which prevented California and other states from imposing a source tax on nonresident pension benefits.
- The President signed the Small Business Job Protection Act, which made several changes to the Internal Revenue Code affecting government plans such as CalSTRS.



1997

- AB 18 (Mazzoni, et al.) enacted an earnings limit exemption for retirees participating in the Class Size Reduction Program.
- AB 686 (Baugh) expanded the postretirement earnings limit exemption to include members who retired under the Golden Handshake provisions and wait one year before returning to work.
- SB 1026 (Schiff) increased purchasing power protection from 68.2 to 75 percent.
- SB 1027 (Schiff) made members who taught in a public school in another state or territory eligible to purchase up to 10 years of service credit associated with that prior service, beginning in 1999.
- SB 1027 also permitted members to redeposit contributions withdrawn by a nonmember spouse.
- SB 629 (Karnette) expanded disability benefits to victims of an unlawful act.
- The President signed the Taxpayer Relief Act, which made permanent the present moratorium on the application of the nondiscrimination tax rules; made changes in procedures related to the application of the Simplified General Rule; allowed for portability of permissive service credit under governmental pension plans and other relief from the IRC section 415 defined contribution limits.
- The President signed the Balanced Budget Act of 1997, implementing premium-free Medicare Part A (Hospital Insurance) for individuals who qualify under specified conditions as identified by the Social Security Administration; significant for nearly 400 individuals paying premiums in excess of $300 each month.

1998

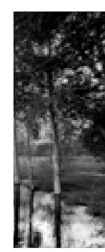
- AB 1102 (Knox) granted members with 30 or more years of credited service an increase of 0.2 percent in the age factor, up to the maximum age factor of 2.4 percent.
- AB 1102 also allowed members retiring on or after January 1, 1999, to convert their unused sick leave to service credit when retiring, regardless of when they became members.
- AB 1150 (Prenter) increased the age factor in the retirement benefit formula for members who retired on or after January 1, 1999, to a maximum of 2.4 percent at age 63.
- AB 2765 (Committee on Public Employees, Retirement and Social Security) extended the sunset dates for the class size reduction earnings exemption to July 1, 2002 and for electing Medicare coverage to January 1, 2005.
- SB 1528 (Schiff) authorized the Teachers' Retirement Board to study providing health care benefits to members and families.
- SB 1945 (Karnette) established the 100 percent financing Member Home Loan Program.
- SB 2047 (Lewis) added Option 8 to allow for multiple option beneficiaries and changed existing options.
- SB 2126 (Committee on Public Employment and Retirement) allowed vested members to buy up to five years of additional credit that is not associated with any prior service.
- SB 2224 (Alpert) provided a Member-Only benefit to certain members who had previously elected specified options and whose beneficiaries had died.

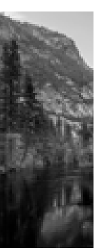
1999

- AB 335 (Mazzoni) extended the earnings limit waiver to include all Class Size Reduction Program teachers.
- AB 819 (Committee on Public Employees, Retirement and Social Security) enacted several reforms to comply with Internal Revenue Code section 415.
- SB 159 (Johnston) required CalSTRS to develop a program to provide health care benefits to members and their beneficiaries, children and dependent parents.
- SB 713 (Burton) increased the minimum allowance for members, who retired prior to January 1, 2000, with 20 years of service credit, to $15,000 per year, increasing with each year of service credit to $20,000 with 30 years of credited service.

2000

- AB 429 (Correa) increased the annual allowance for current benefit recipients between 1 percent and 6 percent (ad hoc increase).
- AB 649 (Machado) permitted CalSTRS members who become employed by the state and eligible for CalPERS membership to elect to retain CalSTRS membership.
- AB 820 (Committee on Public Employees, Retirement and Social Secuirty) authorized a CalSTRS member or nonmember spouse to redeposit a portion of withdrawn contributions; permitted a member to purchase previously excluded service; allowed a retired member with a Member-Only Benefit to name a new spouse as option beneficiary; permitted trustees of governing boards to participate in the CB Benefit Program.
- AB 821 (Committee on Public Employees, Retirement and Social Security) permitted members with 25 or more years of service credit to have their benefits calculated based on the highest average compensation earnable over a period of 12 consecutive months. For members with fewer than 25 years of service credit, the highest 36 months of compensation earnable continues to be used.
- AB 1509 (Machado) established the Defined Benefit Supplement Program: Beginning January 1, 2001, through December 31, 2010, 25 percent of a member's DB Program contributions are allocated to the member's DBS Program account. At retirement, the contributions and interest are available as a lump sum or annuity.
- AB 1733 (Wildman) increased the postretirement earnings limitation to $22,000 per fiscal year. Exemptions to the limitation included:
    - » A member who returns to teaching without performing CalSTRS-covered service for at least one year after the retirement date (exemption ends January 1, 2008), AB 1733 (Wildman);
    - » A member who retired prior to July 1, 2001, and returns to teaching to provide remedial education in a grades 2–12 classroom, AB 1736 (Ducheny);
    - » A member who returns to teaching to provide direct classroom instruction in a K–12 class or provides support, assesses new teachers in the Beginning Teacher Support and Assessment Program, or provides support to individuals completing student teaching assignments in the Pre-Internship Teaching Program or School Paraprofessional Teacher Training Program (exemption effective July 1, 2000, through July 1, 2005), SB 1666 (Alarcon);
    - » A member who returns to perform creditable service in an emergency situation to fill a vacant administrative position (exemption extended until January 1, 2001), AB 141 (Knox).
- AB 1933 (Strom-Martin) established a longevity bonus for members retiring on or after January 1, 2001, with 30 or more years of service credit earned by January 1, 2011: $200 per month with 30 years of service; $300 per month with 31 years of service; and $400 per month with 32 or more years of service.
- AB 2383 (Keeley) expanded eligibility under the Public Employees Medical and Hospital Care Act for part-time employees and required CalSTRS to report on a prescription drug and retiree health program.
- AB 2456 (Wright) provided members who retire on or after January 1, 2002, with the option to receive a partial lump-sum distribution of their benefit, subject to an actuarial reduction in the monthly allowance. The program was offered with a sunset date of December 31, 2010.
- AB 2700 (Lempert) made all creditable compensation creditable to CalSTRS and required contributions for service in excess of 1.000 years of service per school year to be credited to the DBS Program.
- SB 1435 (Johnston) required CalSTRS to begin paying Medicare Part A premiums and any applicable surcharge, for members who retired prior to January 1, 2001, if they did not otherwise qualify for it.
- SB 1505 (Burton) extended eligibility for the minimum guaranteed allowance paid to members and beneficiaries in varying amounts according to the member's years of credited service.





- SB 1694 (Ortiz) permitted CalPERS members who perform service creditable to CalSTRS to elect to remain in CalPERS.
- The President signed the Consolidated Appropriations Act, which enacted the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act, providing relief from the Medicare late enrollment penalty for the CalSTRS Medicare Part A Premium Payment Program.

2001

- AB 135 (Havice) increased the level of purchasing power protection to 80 percent.
- SB 334 (Ortiz) allowed members previously retired for service to reinstate and perform creditable service for two years in order to receive a service retirement allowance that uses the benefit formula in effect at the time of the subsequent retirement applied to all of the member’s service.
- SB 499 (Soto) eliminated the sunset for eligibility of dependent children under Coverage A.
- SB 499 also allowed a member of the DB Program to elect to receive service credit for time spent in a position subject to coverage by the Cash Balance Benefit Program.
- SB 499 also increased the maximum amount of any loan under the Home Loan Program loan limit from $350,000 to 200 percent of the conforming loan limit set by either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, as specified.
- The President signed the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), which increased contribution limits and improved the portability of funds among different types of retirement plans, including 401(k), 403(b) and 457(b) plans, IRAs, and CalSTRS.

2002

- AB 131 (Corbett) allowed members of government defined benefit programs who retired in 2002 to purchase service credit using rollover funds as allowed under the federal Economic Growth and Tax Relief Reconciliation Act of 2001.
- AB 1122 (Corbett) amended state law to conform to changes in federal law made by EGTRRA.
- SB 1318 (Karnette) allowed a CalSTRS employer to pay all or part of its credentialed employees’ member contributions to the DB Program and Defined Benefit Supplement Program.
- SB 1983 (Soto), beginning January 1, 2003, allowed retired DB Program members receiving an allowance under Options 6 or 7 to name a new option beneficiary after the member’s option beneficiary dies; a participant of the CB Benefit Program and member of the DBS Program were allowed to designate a new annuity beneficiary after the designated annuity beneficiary dies, if the participant or member selected a joint and survivor annuity.
- SB 1983 also changed the basis for calculating the postretirement earnings limitation from the CCPI to the average compensation earnable of active members. As a result, the limitation for fiscal year 2002–03 was increased to $24,934.
- The Teachers’ Retirement Board extended the eligibility for the payment of Medicare Part A premiums to eligible DB Program members who retire prior to January 1, 2006.

2003

- AB 106 (Corbett), for purposes of receiving CalSTRS DB Program survivor benefits, expanded the definition of spouse to include a person who was continuously married to a member for less than 12 months prior to the accidental injury or diagnosis of the illness that resulted in the member’s death.
- AB 205 (Goldberg), effective January 1, 2005, established spousal rights and obligations for domestic partners registered with the California Secretary of State; except where prohibited by federal law, all provisions of the Teachers’ Retirement Law applying

to spouses also apply to a member's or participant's registered domestic partner.

- AB 1207 (Corbett) modified the retirement incentive programs CalSTRS offers: The deadline to offer the existing retirement incentive, which provides an additional two years of service credit to DB Program members, was eliminated. A new program ending January 1, 2005, allowed school districts that pay the actuarial cost to provide an additional two years of service credit plus add two years to the age factor that determines the retirement benefit. The additional two years of service credit granted under either retirement incentive program do not count towards qualifying for benefit enhancements, such as one-year final compensation, career factor, or longevity bonus, or towards qualifying to receive a retirement benefit.
- SB 627 (Committee on Public Employment and Retirement) eliminated the 10-year purchase restriction for DB Program members who performed eligible out-of-state service and wish to purchase the full amount of service.
- SB 627 also allowed members involved in a legal separation or dissolution of marriage to designate their spouse or former spouse as their sole option beneficiary under Option 8 for a stated percentage and keep a portion of their benefit as a Member-Only Benefit.
- SB 627 also expanded eligibility for the Medicare Premium Payment Program to include DB Program members age 65 or older who are receiving a disability payment and who, due to dependent children, do not convert to service retirement.

2004

- AB 1586 (Committee on Public Employees, Retirement and Social Security) permitted recalculation of the benefits paid to part-time and adult education community college employees who were members of the DB Program prior to July 1, 1996.
- AB 1852 (Mullin) eliminated the minimum age requirement for a member of the DB Program who elects to receive a partial lump-sum payment in return for an actuarial reduction in the monthly benefit.
- AB 1852 also expanded an existing five-year prohibition on employment with the employer that provided a retirement incentive to employees of a county office of education or community college who receive an additional retirement benefit under the CalSTRS Retirement Incentive Program.
- AB 1852 also eliminated the one-year prohibition on employment with any California public school employer for K–12 members who receive an additional retirement benefit under the CalSTRS Retirement Incentive Program.
- AB 2554 (Pavley) expanded an existing exemption for postretirement earnings to include DB Program members who return to work in an emergency situation to fill a vacant administrative position.
- AB 2554 also extended the date by which a member must retire to qualify for a postretirement earnings exemption to January 1, 2004, for DB Program members who retire and return to provide direct remedial instruction or to provide direct K–12 classroom instruction.
- AB 2554 also expanded the existing K–12 earnings limit exemption to include members providing instruction in special education and English language learner programs, and the sunset date for this exemption was also extended to January 1, 2008.
- AB 3076 (Mullin), effective July 1, 2005, changed the criteria for mandatory membership in the DB Program for employees at California community colleges so that the basis of employment for the school year, as defined by the employer, determines membership; a part-time basis of employment—service for less than 60 percent of the time an employer requires of a full-time position—does not require membership.
- SB 102 (Burton) provided that up to two-tenths of one year of sick leave may be used

to qualify for one-year final compensation, the longevity bonus, and the career factor.

- The President signed the Social Security Protection Act of 2004, which required employers to provide specific information to employees not covered by Social Security (such as employees covered by CalSTRS) on the effects of the Windfall Elimination Provision and Government Pension Offset of the Social Security Act on their potential Social Security benefits.

2005

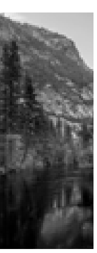
- AB 1044 (Aghazarian) required an elected official who is a member of the DB Program and who, as a result of that employment, is convicted of a felony arising out of his or her official duties to forfeit the retirement benefits that accrue solely as a result of his or her service in office; the elected member would receive only the employee contributions made during his or her term in office. Applies to elected officials who take office on or after January 1, 2006.
- SB 525 (Torlakson) reduced the one-year waiting period that a member of the DBS Program or CB Benefit Program is required to wait before receiving his or her termination benefit to six consecutive months; payment of more than one termination benefit under either program during a single five-year period was prohibited.
- The President signed the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, which clarified that the interest of a participant in a defined benefit plan is protected from creditors in the event of a participant's bankruptcy. The protection from creditors includes the participants' interest in the plan, plan loan repayments withheld from the employee's wages, and direct trustee-to-trustee transfers and rollovers. Plan loans cannot be discharged in bankruptcy, thus avoiding a deemed taxable distribution to the participant.

2006

- SB 1465 (Soto) provided that dependent children receive a monthly benefit under the Coverage B Survivor Benefits Program when there is no surviving spouse or registered domestic partner at the time of the active member's death. Applies to dependent children who first become eligible on or after January 1, 2007.
- SB 1465 also allowed members of the DB Program to purchase out-of-state permissive service that was performed in a public school outside of California, for service that was not credited to a public retirement system. DB members may also purchase up to two years of permissive service for time spent teaching in the Peace Corps. Applies to applications to purchase service credit submitted on or after January 1, 2007.
- SB 1466 (Committee on Public Employment and Retirement) replaced the joint and survivor options and annuities of the DB Program, the DBS Program and the CB Benefit Program with new options and annuities. Options 2–5 and the single-life annuity without a cash refund were no longer available for new elections made after January 1, 2007, with some exceptions.
- The President signed the Pension Protection Act (PPA), which allowed for service credit to be purchased for service performed outside of the United States. As a result, subject to legislative authorization, CalSTRS could allow service credit to be purchased for service performed in a school in a foreign country. The PPA also allowed for eligible rollover distributions to Roth IRAs, nontaxable amounts to be paid into qualified plans and direct rollovers to be made to any designated beneficiary. Therefore, any designated beneficiary or death benefit recipient of a member, including registered domestic partners, who were previously prohibited from making direct rollovers, would be able to roll over eligible payments.

2007

- AB 1316 (Bass) allowed members applying for disability benefits who were eligible to retire for service to receive a service retirement allowance during the evaluation of their disability claim. Applies to applications submitted on or after January 1, 2008.



- AB 1432 (Soto) allowed members of the DB Program to purchase service credit for service performed in a foreign, publicly funded educational institution. Applies to applications to purchase service credit submitted on or after January 1, 2008.

- AB 1432 also conformed to the Pension Protection Act of 2006, allowing any beneficiary or death benefit recipient to roll over a benefit distribution (previously, only those who were spouses could do so). Applies to requests to roll over a benefit distribution submitted on or after January 1, 2008.

2008

- AB 1480 (Mendoza) authorized CalSTRS to offer a Roth IRA as part of its Pension2® Program.

- AB 2023 (Houston) required CalSTRS to use only medical information when making a disability retirement decision.

- AB 2191 (Mullin) deleted the ability of the State Controller's Office to purchase annuity contracts on behalf of certain state employees, and CalSTRS 403(b) programs were extended to those state employees.

- AB 2390 (Karnette) extended the sunset date on the postretirement earnings limit exemptions until June 30, 2010; certain exemptions were extended to members who retired for service on or before January 1, 2007; and members retired between June 1, 2007, and December 31, 2007, were permitted to purchase foreign service credit.

- AB 1389 (Committee on Budget) increased the SBMA purchasing power benefit from 80 percent to 85 percent of the benefit's original value and established the authority of the Teachers' Retirement Board to promulgate regulations to enable it to adjust the supplemental benefit, within a range of 80 to 85 percent, to maintain the ability of CalSTRS to make the payments.

2009

- AB 506 (Furutani) required retired members who are under the normal retirement age of 60 to have their CalSTRS retirement benefit reduced by the amount earned in CalSTRS-covered employment for six calendar months immediately following their retirement effective date or until their 60th birthday, whichever is sooner. There are no exemptions from this requirement. Ensures that separation from service has occurred because federal law prohibits pension plans from distributing benefits before either the normal retirement age or a separation from service.

- AB 506 also extended the sunset dates for the postretirement earnings limit exemptions to June 30, 2012, and expanded eligibility, where applicable, to members who retired on or before January 1, 2009.

2011

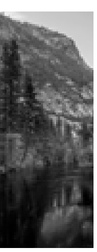
- SB 349 (Negrete McLeod) was enacted to comply with the federal Heroes Earnings Assistance and Relief Tax Act of 2008, which required public pension systems to pay survivor and death benefits for military members who die while performing military service, if they would otherwise have been eligible for benefits had they remained in CalSTRS-covered employment. These death and survivor benefits are to be paid for military deaths that have occurred since January 1, 2007. The act also specified that the time members spend in the military be considered as time with the employer for vesting purposes.

- As of June 18, 2011, CalSTRS began providing members with the ability to complete and submit Service Retirement, Preretirement Election of an Option, and Refund Applications online through *my*CalSTRS. Members also have the option to complete the applications online and then print, sign, and send them to CalSTRS.

2012

- AB 178 (Gorell) changed the postretirement earnings limit from what was effectively one-half the average annual salary paid to active members, to one-half of the median final compensation of all recently retired members.

- AB 178 also allowed members retired for service who reinstate on or after



July 17, 2012, to re-retire within one year of reinstating and required those members to keep the same option and beneficiary or beneficiaries that were in effect before reinstatement, or to retain their Member-Only Benefit, for one year after reinstatement.

- AB 340 (Furutani) established a new benefits structure for CalSTRS members first hired on or after January 1, 2013 (2% at 62 members):
  - » Placed a cap equal to 120 percent of the 2013 Social Security wage base on compensation earnable. The cap is adjusted each year based on changes to the Consumer Price Index for All Urban Consumers. An employer may contribute to a defined contribution plan on compensation in excess of the cap.
  - » Set the normal retirement age at 62 with a 2 percent age factor. Changed the maximum age factor from 2.4 percent at age 63 to 2.4 percent at age 65. Changed the age factor for early retirement at age 55 from 1.4 percent to 1.16 percent with no provisions for an earlier retirement.
  - » Eliminated the career factor.
  - » Required final compensation to be based on three consecutive school years, regardless of service credit earned.
  - » Limited benefits from the Defined Benefit Program to the federal section 415 limit ($186,907 at age 65 in 2018).
  - » Restricted creditable compensation to compensation that is regularly payable in cash pursuant to a publicly available pay schedule. Excluded allowances, bonuses and cash in-lieu of fringe benefits from being creditable to any CalSTRS benefit program.
- AB 340 also made the following changes for both CalSTRS 2% at 60 and CalSTRS 2% at 62 members:
  - » Extended the separation-from-service requirement to all members during the first 180 days after their most recent retirement, regardless of age. Extended a very limited earnings limit exemption until June 30, 2014, and included additional restrictions based on the receipt of retirement incentives.
  - » Required that any member forfeit pension and related benefits if convicted of a felony in carrying out official duties, in seeking an elected office or appointment or in connection with obtaining salary or pension benefits.
  - » Prohibited applying pension improvements to prior service.
  - » Prohibited the purchase of nonqualified service, or airtime, for requests submitted on or after January 1, 2013.

2013

- AB 1381 (Committee on Public Employees, Retirement and Social Security) made various changes to conform the Teachers' Retirement Law to the provisions of the California Public Employees' Pension Reform Act of 2013 (PEPRA).

2014

- AB 1469 (Bonta) removed the Legislature's right to adjust the improvement factor and declared the improvement factor vested as a contractually enforceable promise for any member who is an active member on or after January 1, 2014.

2016

- AB 1875 (Chavez) allows DB Program members and CB Benefit Program participants to designate a special needs trust as an option beneficiary or annuity beneficiary.
- SB 1165 (Pan) allows a retired member who cancels his or her option due to divorce, and elects the Member-Only benefit, to subsequently elect an option for a new spouse or registered domestic partner if he or she later remarries or registers in a domestic partnership. The election is effective six months after the election is received by the board.

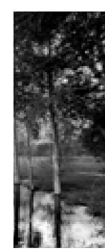
Comparison

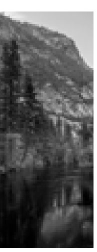
CalSTRS (DB Program)

CalPERS Classified School Employees

CalPERS State Employees (Tier 1) – Nonsafety

	CalSTRS: DB Program	CalPERS: Classified School Members	CalPERS: State Miscellaneous (Nonsafety) (Tier 1)
Eligibility for Membership	Mandatory membership: All certificated and community college employees of public schools (K–14), whose basis of employment is 50% or more Elective membership: Part-time and substitute certificated employees hired to work less than one-half time; charter school employees	Nonteaching, noncertificated school employees working one-half time or more	• Nonsafety state employees working one-half time or more • Judicial branch employees, excluding appointed and elected judges • Nonelected legislative employees • California State University employees
Normal Retirement Age	60 for members under CalSTRS 2% at 60; 62 for members under CalSTRS 2% at 62	55; 62 for new members first hired on or after 1/1/13	55; 60 for members hired on or after 1/15/11; 62 for new members first hired on or after 1/1/13
Earliest Retirement Age	50 for members under CalSTRS 2% at 60; 55 for members under CalSTRS 2% at 62	50; 52 for new members hired on or after 1/1/13	50; 52 for new members hired on or after 1/1/13
Vesting Requirement for:			
Service Retirement	5.000 years credited service Note: 30.000 years service credit required for retirement between ages 50-55. Not available to members under CalSTRS 2% at 62.	5.000 years credited service	5.000 years credited service
Disability Benefits	5.000 years credited service or 1.000 year credited service for disability resulting from an unlawful act of bodily injury occurring during the course of employment	5.000 years credited service (No vesting requirement for Industrial Disability)	5.000 years credited service (No vesting requirement for Industrial Disability)
Survivor Benefits	1.000 year service credit	Varies by age and service credit	Varies by age and service credit
Factors of the Benefit Calculation:			
Benefit Formula at Age 60 (Age Factor)	2% at age 60 for members under CalSTRS 2% at 60 (2% x final compensation x years of service credit) 1.76% at age 60 for members under CalSTRS 2% at 62	2.314% at age 60 (2.314% x final compensation x years of service credit) 1.8% at age 60 for new members hired on or after 1/1/13	2.314% at age 60 (2.314% x final compensation X years of service credit) 2% at age 60 for members hired on or after 9/1/10 1.8% at age 60 for new members hired on or after 1/1/13





Comparison

CalSTRS (DB Program)
CalPERS Classified School Employees
CalPERS State Employees (Tier 1) – Nonsafety

	CalSTRS: DB Program	CalPERS: Classified School Members	CalPERS: State Miscellaneous (Nonsafety) (Tier 1)
Benefit Formula Prior to Age 60 (Age Factor)	For members under CalSTRS 2% at 60: 1.100% at age 50 1.160% at age 51 1.220% at age 52 1.280% at age 53 1.340% at age 54 1.400% at age 55 1.520% at age 56 1.640% at age 57 1.760% at age 58 1.880% at age 59	For Classic members: 1.100% at age 50 1.280% at age 51 1.460% at age 52 1.640% at age 53 1.820% at age 54 2.000% at age 55 2.064% at age 56 2.126% at age 57 2.188% at age 58 2.250% at age 59	For Classic members: 1.100% (or 1.092%)[1] at age 50 1.280% (or 1.156%) at age 51 1.460% (or 1.224%) at age 52 1.640% (or 1.296%) at age 53 1.820% (or 1.376%) at age 54 2.000% (or 1.460%) at age 55 2.064% (or 1.552%) at age 56 2.126% (or 1.650%) at age 57 2.188% (or 1.758%) at age 58 2.250% (or 1.874%) at age 59
	For members under CalSTRS 2% at 62: 1.160% at age 55 1.280% at age 56 1.400% at age 57 1.520% at age 58 1.640% at age 59	For new members under PEPRA: 1.000% at age 52 1.100% at age 53 1.200% at age 54 1.300% at age 55 1.400% at age 56 1.500% at age 57 1.600% at age 58 1.700% at age 59	For new members under PEPRA: 1.000% at age 52 1.100% at age 53 1.200% at age 54 1.300% at age 55 1.400% at age 56 1.500% at age 57 1.600% at age 58 1.700% at age 59
Benefit Formula After Age 60 (Age Factor)	For members under CalSTRS 2% at 60: 2.133% at age 61 2.267% at age 62 2.400% at age 63 and older	For Classic members: 2.376% at age 61 2.438% at age 62 2.500% at age 63 and older	For Classic members: 2.376% (or 2.134%) at age 61 2.438% (or 2.272%) at age 62 2.500% (or 2.418%) at age 63 and older
	For members under CalSTRS 2% at 62: 1.880% at age 61 2.000% at age 62 2.133% at age 63 2.267% at age 64 2.400% at age 65 and older	For new members under PEPRA: 1.900% at age 61 2.000% at age 62 2.100% at age 63 2.200% at age 64 2.300% at age 65 2.400% at age 66 2.500% at age 67 and older	For new members under PEPRA: 1.900% at age 61 2.000% at age 62 2.100% at age 63 2.200% at age 64 2.300% at age 65 2.400% at age 66 2.500% at age 67 and older

[1]For employees hired on or after September 1, 2010.

Comparison

CalSTRS (DB Program)

CalPERS Classified School Employees

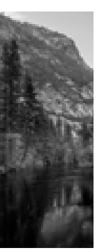
CalPERS State Employees (Tier 1) – Nonsafety

	CalSTRS: DB Program	CalPERS: Classified School Members	CalPERS: State Miscellaneous (Nonsafety) (Tier 1)
Disability Formula	50% of final compensation determined based on actual earnings (some exceptions under Coverage A).	With 5–10 years of service, or 18½ or more years of service: 1.8% x years of service x final compensation. Between 10 and 18½ years of service: Allowance may be improved up to 33.333% of final compensation. If eligible for service retirement, member will receive whichever is higher, service or disability allowance.	With 5–10 years of service, or 18½ or more years of service: 1.8% x years of service x final compensation. Between 10 and 18½ years of service: Allowance may be improved up to 33.333% of final compensation. If eligible for service retirement, member will receive whichever is higher, service or disability allowance.
Basic Death Benefit	Active or disabled members who die before retirement and without preretirement option: A lump-sum death payment of $6,372 or $25,488 is payable, depending on coverage. Retired or active members with a preretirement option election: A lump-sum death payment of $6,372 is payable.	Active members: Return of member contributions and interest, plus up to 6 months' salary prorated 1 month per year of service. Retired members: $2,000 lump-sum death payment.	Active members: Return of member contributions and interest, 6 months' salary, and a $5,000 lump-sum death payment. Retired member: $2,000 lump-sum death payment.
Career Bonuses:			
Career Factor	Additional 0.2% added to age factor with 30 or more years of service. Not available to members under CalSTRS 2% at 62.	No	No
Longevity Bonus	Additional $200/month with 30 years of service earned prior to January 1, 2011, $300/month with 31 years of service, $400/month with 32 or more years of service. Not available to members under CalSTRS 2% at 62.	No	No

Comparison

CalSTRS (DB Program)
CalPERS Classified School Employees
CalPERS State Employees (Tier 1) – Nonsafety

	CalSTRS: DB Program	CalPERS: Classified School Members	CalPERS: State Miscellaneous (Nonsafety) (Tier 1)
Final Compen-sation	Highest average annual compensation earnable for 12 consecutive months for members with 25 or more years of service credit. Otherwise, highest 36 consecutive months. For purposes of determining non-service based disability and survivor benefits, final compensation is determined based on actual earnings. For members under CalSTRS 2% at 62, the final compensation period is 36 consecutive months, regardless of years of service.	Highest average compensation earnable for 12 consecutive months from CalPERS or reciprocal system (if applicable) For members under PEPRA, the final compensation period is three years, regardless of years of service.	Members hired prior to 1/1/07: Highest average compensation earnable for 12 consecutive months from CalPERS or reciprocal system (if applicable). Members hired after 1/1/07: May be highest average compensation earnable for 36 consecutive months depend-ing on bargaining unit. For members under PEPRA, the final compensation period is three years, regardless of years of service.
Purchasing Power Protection	Up to 85%	Up to 75%	Up to 75%
Annual Benefit Adjustment/ Cost-of-Living Adjustment	An increase equal to 2% of the initial benefit, each year, beginning on September 1 after the first anniversary of retirement. The adjustments are not compounded.	A maximum cost-of-living adjustment of 2% per year based on the Consumer Price Index for all U.S. cities, starting in the second calendar year of retirement.	A maximum cost-of-living adjustment of 2% per year based on the Consumer Price Index for all U.S. cities, starting in the second calendar year of retirement on the May 1 check.
Credit for Unused Sick Leave	Yes, converts to service credit.	Yes, converts to service credit.	Yes, converts to service credit.
Retirement Incentive Additional Service Credit and Age (if applicable)	Yes, if school district elected, prior to January 1, 2004, to offer 2 years additional service credit or 2 years additional service credit plus 2 years age, through formal resolution or MOU	Additional service is possible if approved by school employer	Additional service is possible by Governor's Executive Order or legislation (For Legislative and Judicial branch employees, by resolution)
Health Benefits After Retirement	Not provided by CalSTRS. Provided only on a district-by-district basis. Districts may choose to provide PEMHCA coverage.	Provided only on a district-by-district basis. Districts may choose to provide PEMHCA coverage. Employer contribution varies by district and is based on collective bargaining.	Provided if employee retires within 120 days after separation from a qualifying position. Must meet vesting requirements, if appli-cable. Employer contribution formula determined through bargaining and is established by law.



Comparison

CalSTRS (DB Program)

CalPERS Classified School Employees

CalPERS State Employees (Tier 1) – Nonsafety

	CalSTRS: DB Program Coverage B	CalPERS: Classified School Members	CalPERS: State Miscellaneous (Nonsafety) (Tier 1)
Purchase of Service Credit:			
Out-of-State Service	Yes	No	No
Nonqualified	No	No	No
Military	Yes	Yes	Yes
Redeposit of Withdrawn Contributions	Yes	Yes	Yes
Miscellaneous:			
Board Ability to Adjust Employer Contribution Rate	Yes, starting in 2021–22	Yes	Yes
Current Employee Contribution Rate	2% at 60 members: 10.25% of salary 2% at 62 members: 10.205% of salary	7% of salary for Classic members 7% of salary for new members under PEPRA	In Social Security: Ranges from 5% to 10% over $513 depending on bargaining unit Not in Social Security: Ranges from 6% to 11% over $317 depending on bargaining unit
Current Employer Contribution Rate	16.28% for 2018–19 18.13% for 2019–20	18.062% for 2018–19	29.396% for 2018–19
Coordinated with Social Security	No	Optional for those employed on 11/4/1959. Yes, for those employed after that date.	Optional for those employed on 11/6/1961. Yes, for those employed after that date.

Funding of the Defined Benefit Program

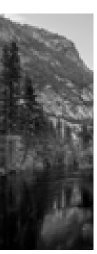
Background

The DB Program is financed from four sources. The first three sources are members, employers, and the state. These contributions are invested, and investment returns, which have historically accounted for 60 percent of the resources necessary to pay benefits represent the fourth source of funds. As of June 30, 2017, the DB Program had an unfunded liability of $107.3 billion, primarily as a result of poor investment returns for several years during the first decade of this century.

CalSTRS Funding Plan

The CalSTRS Funding Plan enacted by Chapter 47, Statutes of 2014 (Assembly Bill 1469–Bonta), puts the DB Program on the path to full funding in 32 years through incremental shared contribution increases among the program's three contributors: members, employers and the State of California.

Prior to this historic legislation, contributions for members had not been increased in 42 years. The contribution rates established in the funding plan would fully fund the Defined Benefit Program based on the actuarial assumptions in place at the time it was designed in 2014. Those assumptions are periodically adjusted by the Teachers' Retirement Board based on experience. The funding plan gives the board limited authority to adjust employer and state contribution rates accordingly.



Member Contribution Rate Increases

Member contribution increases were phased in over three years. Contribution rates increased by an additional 2.25 percent of payroll for CalSTRS 2% at 60 members, and an additional 1.205 percent for CalSTRS 2% at 62 members. The rate prior to the funding plan was 8 percent.

As of July 1, 2018, the total contribution rate for CalSTRS 2% at 60 members is 10.25 percent, and the total rate for CalSTRS 2% at 62 members is 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

Members who performed creditable service on or after January 1, 2014, received a guarantee of the existing 2 percent Annual Benefit Adjustment. Under the funding plan, the Annual Benefit Adjustment cannot be reduced for members who retire on or after January 1, 2014. For members who retired prior to January 1, 2014, the funding legislation does not change the Annual Benefit Adjustment.

Employer Contribution Rate Increases

Employer contributions are being phased in over seven years. In 2021–22, the funding plan provides limited authorization to the board to adjust the employer contribution rate, if necessary, to fully fund the remaining unfunded liability by 2046. Those adjustments are limited to 1 percent annually, not to exceed 20.25 percent. The rate prior to the implementation of the funding plan was 8.25 percent.

Effective Date	Employer Contribution Rate
July 1, 2014	8.88%
July 1, 2015	10.73%
July 1, 2016	12.58%
July 1, 2017	14.43%
July 1, 2018	16.28%
July 1, 2019	18.13%
July 1, 2020	19.10%
July 1, 2046	Rate returns to 8.25%

State Contribution Increases

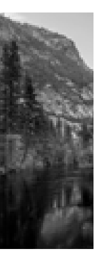
The CalSTRS Funding Plan maintains the state's base contribution rate of 2.017 percent and the purchasing power benefit contribution of 2.5 percent. It replaces the portion of the state contribution rate that was formerly dedicated to paying for the 1990 benefit structure with an amount that fully funds those benefits over 32 years. Beginning in 2017–18, the funding plan provides limited authorization to the Teachers' Retirement Board to adjust the state contribution rate; however, the rate can be increased by no more than 0.5 percent each year. As of July 1, 2018, the state's contribution rate is 9.828 percent, including the 2.5 percent for purchasing power benefits.

Other Provisions of the CalSTRS Funding Plan

CalSTRS is required to submit a funding status report to the Legislature every five years, starting July 1, 2019, to ensure the plan continues to sustain an appropriately funded benefit program.

Increased contributions under the funding plan are only payable for compensation that is creditable to the DB Program. Compensation creditable to the DBS Program continues to be credited with member and employer contribution rates of 8 percent each.

Excess contributions for DBS credited compensation that are attributable to increases under the funding plan are returned to employers. Employers then return excess member contributions to their employees.



Funding History

1913

- When the retirement plan was founded in 1913, California public school teachers were granted retirement credit for the service they had performed prior to that date. No contributions were required from the teachers or employers for the retirement credit granted for service performed prior to the establishment of CalSTRS. This caused the Defined Benefit Program to have an unfunded obligation from the beginning.
- Member contributions were $12 per year.
- Employers made no contributions.
- State contributed 5 percent of the inheritance tax revenue for each fiscal year.

1935

- Member contributions increased to $24 per year.
- Employers contributed $12 per year, per employee.
- State continued to pay 5 percent of the inheritance tax.

1944

- Member contributions changed to a percentage of salary, depending on gender and age, as of July 1, 1944, or later membership. The rate varied from 2.53 to 4.85 percent.
- Employer contribution rate continued at $12 per year, per employee.
- State's contribution rate replaced by a pay-as-you-go funding mechanism. Under this approach, the state annually appropriated the amount needed over and above the current years' employer contribution to pay the pension portion of all allowances currently being paid.

1950, 1951 and 1955

- Member contribution rates increased in these years, up to a range of 5.77 to 10.15 percent.
- Employer contributions did not change.
- State pay-as-you-go funding did not change.

1956

- Member contributions increased to a range of 9.53 to 13.52 percent.
- Employer contribution rate of $12 per year, per employee, augmented by a 3 percent of salary contribution to be used on a pay-as-you-go basis to pay for current benefits (3 percent contribution limited by the assessed value of property within the school district. Because salaries grew faster than the assessed valuation, the percentage of payroll declined year by year.)
- State's pay-as-you-go funding did not change.

1959

- Member contributions decreased to a range of 7.46 to 12.72 percent.
- Employer contributions did not change.
- State's pay-as-you-go funding did not change.

1962

- Member contribution rate decreased to a range of 6.13 to 11.86 percent.
- Employer contribution did not change.
- State's pay-as-you-go funding did not change.
- The unfunded actuarial obligation grew to $3.6 billion.

1972

- In 1970, estimates indicated the state's pay-as-you-go annual appropriation would grow from $71 million in the 1967–68 fiscal year, to $245 million in 1979–80, and $635 million in 1989–90. To address the ever-increasing state appropriation, AB 543 (Barnes), effective July 1, 1972, changed the funding of CalSTRS to long-range reserve funding (prefunded basis).
- Members' variable contribution rate, which was averaging 7.4 percent, changed to a fixed 8 percent of salary.
- Employer contribution rate, which averaged 2 percent in 1971–72 because of the assessed property valuation limitation, changed to a matching 8 percent of salary level.

- It was anticipated the 16 percent total employee-employer contribution would fund future service in the redesigned program. However, to obtain passage of the program, the employer contribution was graded in from 3.2 percent in 1972–73, up to the full 8 percent in 1978–79; this reduced CalSTRS long-term income by $1.8 billion.

- State's pay-as-you-go contribution replaced with a level $130 million per year for 30 years to amortize the cost of benefits in force as of June 30, 1972. The cost of all prior service for current members was not funded and resulted in CalSTRS unfunded actuarial obligation at that time.

- Added $5 million for 30 years to the $130 million annual state appropriation to repay the CalSTRS reserves for a shortage in the 1971–72 state contribution.

1976

- Member contribution rate remained at 8 percent.

- Employer graded-in contribution rate did not change.

- $9.3 million state appropriation added to the $135 million appropriation for a total $144.3 million annual appropriation; increase specifically tied to an ad hoc benefit increase.

1979

- As part of a major education financing bill in 1979, AB 8 (Greene) addressed the CalSTRS unfunded actuarial obligation. First, the state's limited-term $144.3 million annual appropriation was changed to a perpetual appropriation, which increased or decreased beginning with the 1980–81 fiscal year by an amount reflecting the change in the All Urban California Consumer Price Index (CCPI) in the preceding fiscal year.

- The second component of AB 8 was an increasing appropriation of $10 million in 1980–81 graded-up to $280 million in 1994–95. The $280 million would then be indexed by the CCPI starting in the 1994–95 fiscal year. Initially, the new funding was to have been $100 million commencing in 1980–81 with CCPI indexing beginning in the 1981–82 fiscal year. It was necessary, however, to change to the graded-in appropriation to obtain legislative approval.

1980

- A contribution of 0.307 percent of total creditable compensation was levied on employers but paid directly to CalSTRS from the General Fund to fund an ad hoc benefit increase for pre-June 30, 1973, retirees. A sunset date on funding was not established.

1981

- A contribution of 0.108 percent of total creditable compensation was paid directly to CalSTRS from the General Fund to fund ad hoc benefit increase for pre-January 1, 1980, retirees. A funding sunset date of December 31, 1996 was established.

1983

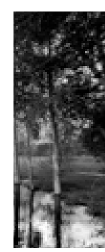
- Chapter 1433, Statutes of 1982, required CalSTRS to terminate its interagency agreement with the California Public Employees' Retirement System for use of their investment staff to manage the CalSTRS investment portfolio. As a result, CalSTRS contracted with three investment firms for management of Teachers' Retirement Fund investments and development of a long-range investment management plan.

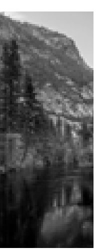
1985

- AB 75 (Hughes) increased the employer contribution 0.25 percent effective July 1, 1986, to fund the crediting of service for unused sick leave of individuals who became members prior to July 1, 1980. For the 1985–86 fiscal year only, the bill directed the State Controller to transfer the equivalent of the 0.25 percent increase directly from the General Fund to the Teachers' Retirement fund.

1989

- A funding stream from the General Fund equal to 2.5 percent of prior year teacher payroll was established to provide for supplemental payments to maintain 68.2 percent of the purchasing power of benefits.





1990

- In 1990–91, state General Fund contributions as established in 1979's AB 8 totaled approximately $475 million; $275 million from the first component and an additional $200 million from the second component. This represented approximately 4.6 percent of payroll at that time; however, future years' contributions were a declining percentage of payroll estimated to be just above 2 percent by fiscal year 2032–33.
- CalSTRS operated with a normal cost deficit at 0.94 percent, or approximately $130 million, in 1990. The normal cost deficit continued to roll new debt into the unfunded actuarial obligation.
- The CalSTRS consulting actuary recommended the Teachers' Retirement Board support legislation to change the indexing of the state General Fund contributions from the CCPI to the ratio of the previous year's total teacher payroll. Projections conducted by the actuary indicated the AB 8 (Greene) indexing to CCPI methodology would allow the unfunded actuarial obligation to grow without limit. If indexing were changed to teacher payroll, the unfunded actuarial obligation would continue to grow for about 25 years, but at a slower rate, then begin to decline and be eliminated by approximately the 39th year.

  Calculations conducted in 1990 indicated a level of 4.2 percent of prior year payroll would be sufficient to fund the unfunded actuarial obligation within 45 years and stem the normal cost deficit. Negotiations in the deliberation of the new indexing resulted in suspending all General Fund contributions for the 1990–91 fiscal year, therefore, the General Fund contribution was increased to 4.3 percent to fund the additional liability without further extending the funding period.
- The Elder State Teachers' Retirement Full Funding Act (SB 1370–Green) provided a General Fund appropriation of 4.3 percent of prior year payroll to fund the normal cost deficit, then any remaining unfunded actuarial obligation.

1993

- SB 77 (Committee on Appropriations) implemented the "Float Suit" settlement: CalSTRS and CalPERS received General Fund appropriations as the result of the settlement for a lawsuit they filed against the state to recover their investment earnings in the state's Pooled Money Investment Account between 1984 and 1988. CalSTRS received $8.9 million, and CalPERS received $7.5 million.

1996

- SB 2095 (Committee on Appropriations) appropriated $540,000 to CalSTRS pursuant to settlement of a 1992 claim relating to the Elder Full Funding appropriation for the SBMA.
- The President signed the National Defense Authorization Act, which grants California's claim for compensation for two school land sections known as the Elk Hills Naval Petroleum Reserve.

1997

- The Elk Hills Naval Petroleum Reserve was sold with net proceeds to fund 75 percent purchasing power protection. The proceeds were paid to CalSTRS in annual installments of $36 million from 1999 through 2005, $47.52 million in 2006 and the final installment of $15.6 million in 2014.

1998

- In March 1998, the actuarial valuation of the Teachers' Retirement Fund showed that assets were sufficient to cover 97 percent of liabilities. In addition, if the Teachers' Retirement Board's assumptions were realized, the unfunded liability would be eliminated by June 30, 2000. Once the unfunded liability was eliminated, the 4.3 percent of payroll used for this purpose would decline by 0.25 percent per year to fund any normal cost deficit and would ultimately decline to 0 percent, if there was no normal cost deficit. In addition, a 0.25 percent contribution rate by employers for unused sick leave and 0.307 percent of payroll paid by the General Fund for an ad hoc benefit would no longer be needed.

- As a result of this finding, an opportunity existed to use the General Fund money that had been appropriated to the Teachers' Retirement Fund for purposes of retiring the unfunded liability to improve benefits. Following an analysis of existing CalSTRS benefits and the benefits available under other retirement systems, the administration agreed to use a portion of the General Fund contribution for benefits designed to recruit and retain teachers to accommodate California's increased demand for teachers. Specifically, 65 percent of the 4.3 percent of payroll could be applied for that purpose. In addition, the 0.25 percent of payroll that had been levied on employers to cover unused sick leave credit and the 0.307 percent of payroll to fund an ad hoc benefit would continue to assist in funding the new benefits. In addition to these changes, funding would continue from the General Fund to eliminate the remaining unfunded liability in the Teachers' Retirement Fund. The actuary determined the unfunded liability would be eliminated in 30 years, if the contribution for that purpose were reduced to 0.524 percent of payroll.

- AB 2804 (Committee on Public Employees, Retirement and Social Security) enacted all of the DB Program funding agreed to by the administration. Specifically, an amount equal to 3.102 percent (65 percent of 4.3 percent, or 2.795 percent, plus 0.307 percent) is appropriated each year from the General Fund for the DB Program to fund increased benefits. The 0.25 percent contribution by employers is also continued to fund the conversion of unused sick leave to service credit for all employees. Finally, if there is an unfunded liability associated with the benefits in effect as of June 30, 1990, an additional amount, initially equal to 0.524 percent of payroll, is transferred from the General Fund. Once that unfunded liability and the normal cost deficit attributable to benefits in effect as of July 1, 1990, are eliminated, the transfer is also eliminated. If the unfunded liability should return, a transfer from the General Fund would be resumed, increasing at the rate of 0.25 percent of payroll per year, up to a maximum of 1.505 percent (4.3 percent less the 2.795 percent being used for benefits).

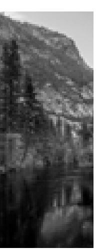
2000

- AB 2700 (Lempert) reduced the General Fund appropriation for the DB Program from 3.102 percent of creditable compensation in the prior calendar year to 2.5385 percent in 2000–01 and 1.975 percent in 2001–02. This reduced the General Fund transfer for the DB Program by 35 percent beginning January 1, 2001. The reduced contribution rate was equal to the normal cost of those benefits that became effective January 1, 1999. In addition, the new rate continued to protect the DB Program against adverse experience for pre-1990 benefits.

2003

- From 1990 until 2002–03, the General Fund contribution was based on the prior calendar year's creditable compensation. Beginning with the 2003–04 fiscal year, consistent with 2000's AB 2700 (Lempert), the General Fund contribution was set at 2.017 percent of total creditable compensation of the fiscal year ending in the prior calendar year.

- SBX1 20 (Committee on Budget and Fiscal Review) decreased the transfer to the Supplemental Benefit Maintenance Account by $500 million for the 2003–04 fiscal year and required the Teachers' Retirement Board, beginning in 2006, to report to the Legislature and the Director of Finance regarding the ability of CalSTRS to make purchasing power protection payments in each fiscal year until 2036. If the board determined the loss of $500 million in contributions resulted in its inability to sustain the current SBMA program through 2035–36, then the $500 million, plus interest, would be repaid to the SBMA, subject to certification by the Director of Finance.



2005

- As part of its efforts to restore the $500 million state contribution withheld by SBX1 20 in 2003, the Teachers' Retirement Board filed a lawsuit against the state. The Sacramento County Superior Court ruled in favor of CalSTRS on May 4, 2005; however, the state appealed the decision to the Third District Court of Appeals.

2007

- The Teachers' Retirement Board was successful in its litigation to compel payment of the $500 million state contribution withheld for the 2003–04 fiscal year by SBX1 20 (Committee on Budget and Fiscal Review). The $500 million was received September 6, 2007. However, interest was also awarded by the court and was not immediately appropriated by the Legislature.

2008

- ABX3 8 (Committee on Budget) specified that the 2008–09 General Fund transfer to the SBMA would be made on November 1.
- SB 242 (Torlakson) expressed legislative intent to pay for litigation costs incurred by CalSTRS and to appropriate funds in future fiscal years for repayment of interest due to CalSTRS for underpayment of the SBMA appropriation in 2003–04.
- Among other provisions, AB 1389 (Committee on Budget) reduced the General Fund contributions to the SBMA by a flat amount each year; changed the date on which the appropriation is made from a single payment to two equal payments made on November 1 and April 1 of each year; established a four-year appropriation of $56,979,949 to repay the actuarial equivalent of lost interest due to the deferment of the $500 million in 2003–04; and increased the purchasing power rate from 80 percent to 85 percent, while establishing the authority for the board to adjust within the 80 to 85 percent range.

2009

- AB 654 (Mendoza), beginning July 1, 2010, established the regular interest that is applied to redeposits of previously withdrawn contributions, service credit purchases, retirement incentives, and penalties at a rate equal to the actuarially assumed rate of return on investments. This resulted in an increase from the previous rate of 5.25 percent to 8 percent for fiscal year 2009–10. This increase would generate funds for the DB Program by replacing the interest that could have been earned through investment.
- AB 654 also required CalSTRS to assess penalties on late contributions and late reports, in accordance with regulations to be established by the Teachers' Retirement Board.

2010

- The Teachers' Retirement Board adopted a reduced investment assumption (7.75 percent) and a reduced inflation assumption (3 percent) for the June 30, 2010, actuarial valuation of the DB Program. The investment assumption had been 8 percent since fiscal year 1994–95, while the inflation assumption had been 3.25 percent since fiscal year 2002–03.
- A congressional appropriation for the remaining $17 million in proceeds owed to CalSTRS from the sale of the Elk Hills Naval Petroleum Reserve was delayed until litigation between the formal owner and the U.S. Department of Energy was settled.
- Two bills by the Assembly Budget Committee (ABX8 5 and AB 1624) revised the timing of transfers from the General Fund to the Teachers' Retirement Fund and the Supplemental Benefit Maintenance Account. The payments to the Teachers' Retirement Fund are to be made on, or the business day following, July 1, October 1, December 15, and April 15 of each fiscal year. The transfers to the SBMA are to be made on October 15 and April 15 of each fiscal year, except for 2010–11 when they are to be made on November 15, 2010, and March 14, 2011.

- The Teachers' Retirement Board sought an external legal opinion as to what party bears the legal responsibility to fully fund the System. It was determined that the state is responsible for fully funding the benefits promised to CalSTRS members and their beneficiaries.

2011

- AB 982 (Skinner) required the State Lands Commission to enter into a memorandum of agreement by April 1, 2012, with the United States Secretary of the Interior to facilitate land exchanges consolidating school land parcels into contiguous holdings for large-scale renewable energy related projects and requires the commission to submit a report to the Legislature on the status of the memorandum of agreement and the school land consolidation efforts by January 1 of each year. This measure would promote the development of alternative energy projects that could subsequently generate cash flow to CalSTRS and benefit the Supplemental Benefit Maintenance Account of the Teachers' Retirement Fund.

2012

- AB 340 (Furutani) required members under CalSTRS 2% at 62 to contribute 50 percent of the normal cost of the benefit structure. An analysis of the actuarial impact of the Pension Reform Act of 2013 indicated that the normal cost of CalSTRS 2% at 62 was 15.9 percent. After rounding to the nearing quarter percent, the contribution rate for CalSTRS 2% at 62 members was established at an initial rate of 8 percent.
- AB 340 also prohibited all employers from suspending employer and employee contributions necessary to fund annual pension costs. Total contributions may not be less than the normal cost.
- SCR 105 (Negrete McLeod) established a framework for the development of a funding plan and directed CalSTRS to work with affected stakeholders to develop at least three alternative plans to submit to the Legislature by February 15, 2013.
- SCR 105 also expressed the Legislature's intent to enact legislation during the 2013-14 legislative session to address the long-term funding needs of the DB Program.
- The Teachers' Retirement Board adopted a reduced investment assumption (7.5 percent) as part of a four-year experience analysis that sets the parameters for determining the financial health of the system.
- Working with the State Attorney General, CalSTRS reached a settlement agreement with the U.S. Department of Energy on the amount of the final installment of Elk Hills compensation. The final installment of $15 million, when added to the $300 million already received by CalSTRS, bought the total Elk Hills compensation to $315 million.

2013

- CalSTRS submitted the funding report as requested by the Legislature in SCR 105. The report identified several issues for the Legislature and the Governor to consider and presented eight possible funding scenarios depending upon various future funding targets.

2014

- AB 1469 (Bonta) provided contribution rate increases for members, employers, and the state to fully fund the DB Program by June 30, 2046.
- The President's 2014 budget included $15.6 million for the Elk Hills School Land Fund (this included an additional $579,815 due to the increased net proceeds from the sale of the reserve), which Congress appropriated.

2017

- The Teachers' Retirement Board decreased the investment return assumption over a two-year period, from 7.5 to 7.25 percent for the June 30, 2016, actuarial valuation, and from 7.25 to 7 percent for the June 30, 2017, actuarial valuation and changed the mortality assumption to reflect the increase in member life expectancies.

Supplemental Payments

Supplemental Payments

Purchasing Power

Inflation can significantly deteriorate a person's ability to maintain a consistent standard of living after retirement. Inflation is generally measured by changes in the average prices of selected goods and services. As inflation rises, the value of money decreases because it purchases fewer goods and services. A decline in the purchasing power of money is another way to define inflation.

The higher the rate of inflation, the greater the drop in the purchasing power of money. For example, if wages remain the same but prices double, the current purchasing power of wages is only 50 percent of the purchasing power of those same wages prior to the price increases. In this situation, wages must double to maintain the same purchasing power.

CalSTRS measures the purchasing power level of allowances by the change in the All Urban California Consumer Price Index (CCPI) published by the Department of Industrial Relations, Bureau of Labor Statistics. The cumulative change in the CCPI from each year in which benefits have become effective since 1955 is displayed in the table on page 52.

2% Simple Benefit Adjustment (Annual Benefit Adjustment)

The CalSTRS Defined Benefit Program provides an automatic 2 percent simple benefit adjustment to allowances payable to all benefit recipients to provide some protection against the effects of inflation. This annual "benefit improvement factor" is applied September 1 of each year following the first anniversary of the effective date of the benefit.

Supplemental Payments

There are two other sources of funds that provide additional purchasing power protection for CalSTRS benefit recipients through "supplemental payments." They are 1) School Lands Revenue and 2) the Supplemental Benefit Maintenance Account (SBMA). Supplemental payments begin automatically once a retired member's benefit qualifies and are issued from these funds on October 1, January 1, April 1, and July 1. It is important to remember that these payments are not guaranteed and will continue only as long as funds are available. Periods of low inflation can occur and lower the quarterly supplemental payment amount.

School Lands Revenue

Since 1983, it had been the intent of the Legislature and the Teachers' Retirement Board to maintain the level of purchasing power of CalSTRS allowances to a minimum of 75 percent of the purchasing power of the initial allowance. To fulfill this intention, revenue generated from the use of State School Lands (land granted to California by the federal government to support schools) and Lieu Lands (properties purchased with the proceeds from the sale of school lands) during the prior year is transferred from the School Land Bank Fund to CalSTRS each year for the purpose of providing annual supplemental payments in quarterly installments. Chapter 840, Statutes of 2001, increased the payment to provide for up to 80 percent purchasing power. The School Lands revenue only covers payments that maintain up to 80 percent purchasing power. Payments to maintain higher than 80 percent purchasing power come from the SBMA.

This revenue is distributed on a pro-rata basis to all benefit recipients whose initial allowances have fallen below the 80 percent purchasing power level. Because the revenue from School Lands does not generate enough income to bring the purchasing power of all CalSTRS allowances to at least 80 percent, the available revenue is distributed on a proportional basis to all eligible benefit recipients. The amount of the School Lands payment for each benefit recipient depends on the:

1. Amount of money available from School Lands that year;
2. Number of benefit recipients whose allowance purchasing power is below 80 percent; and
3. Increase in the CCPI.

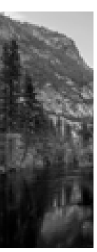
For example, if School Lands revenue is only sufficient to provide 5 percent of the amount needed to bring all allowances up to a minimum of 80 percent of the purchasing power of the initial allowance, each eligible benefit recipient will receive from School Lands revenue 5 percent of the amount needed to restore their purchasing power to 80 percent.

In 2018–19, School Lands revenue provides only 5.29 percent of the amount needed to restore the purchasing power of allowances payable to all benefit recipients to a minimum of 80 percent. Therefore, each eligible benefit recipient receives a supplemental payment paid from School Lands revenue equal to 5.29 percent of the amount necessary to raise the purchasing power of the allowance to 80 percent.

The SBMA is used to make up the difference.

Supplemental Benefit Maintenance Account

Chapter 751, Statues of 2008, increased the maximum level of purchasing power protection provided by the Supplemental Benefit Maintenance Account to 85 percent of the initial monthly allowance. The legislation authorized the Teachers' Retirement Board to adjust the purchasing power protection payments between no less than 80 percent and no more than 85 percent, based on actuarial projections.



An amount equal to 2.5 percent of CalSTRS' member payroll for the prior fiscal year (ending in the calendar year immediately preceding) is contributed from the State of California General Fund to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund on July 1 of each fiscal year. Beginning with the 2008–09 fiscal year, the appropriation would be reduced in accordance with the below schedule, and contributions would be made on November 15 and March 15 of Fiscal Year 2010–11, with each contribution equal to one half of the amount appropriated.

2008–09	$66,386,000
2009–10	$70,000,000
2010–11	$71,000,000
2011–12 and each fiscal year thereafter	$72,000,000

The SBMA provides annual supplemental payments in quarterly installments to all benefit recipients whose purchasing power has fallen below 85 percent of the purchasing power of the initial allowance, after application of the School Lands monies, as long as funds are available.

Both the School Lands Revenue and SBMA provide authority to make supplemental payments sufficient to bring purchasing power up to 85 percent of the purchasing power of the original allowance. Since 2001, funding from the General Fund has been a contractually enforceable obligation of the state. However, Chapter 6, Statues of 2003, reduced the General Fund contribution for 2003–2004 by $500 million. The Teachers' Retirement Board successfully pursued litigation to compel payment of the $500 million plus interest. A $500 million payment consisting of the interest owed to date and partial payment of the principal was received September 6, 2007. Chapter 751, Statutes of 2008, also appropriated $56,979,949 annually to pay the remaining principal and interest of the original $500 million, to be contributed to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund on or after July 1 in each fiscal year starting with fiscal year 2009–10 and ending with fiscal year 2012–13. The 85 percent level of supplemental payments, however, is not vested. This means that if the combined funding from both sources is not sufficient to bring purchasing power up to the 85 percent level, supplemental payments may have to be paid at a lower level. However, based upon our assumptions, the funding for an 85 percent supplemental payment is sufficient for well in excess of 30 years.

The amount of the supplemental payment from SBMA for each benefit recipient depends on:
(1) the extent to which the benefit recipient's allowance has fallen below 85 percent of the purchasing power of the initial allowance; and
(2) the amount of the supplemental payment provided from the School Lands Revenue.

Status of the School Land Bank Fund

Background

Upon achieving statehood, the federal government granted approximately 5.5 million acres of land to California to be used for the support of public schools. This land consisted of the 16th and 36th sections of each township. Approximately 90 percent of the school lands were sold prior to the creation of the State Lands Commission (SLC) in 1938. Proceeds were deposited into the General Fund to help pay for public education. In 1984, the California Legislature directed school lands be retained and managed by the SLC to generate revenue held in the School Bank Fund and subsequently transferred to CalSTRS to maintain the purchasing power of retired teachers.

The approximately 1,190 fee-owned parcels of school lands are difficult to manage because they are noncontiguous and are scattered throughout the state. Most are located in remote and rugged regions of the southern California desert. The Legislature found the "consolidation of school land parcels into contiguous holdings is essential to sound and effective management" (Section 8702 of the Public Resources Code). Consequently, the Legislature authorized the SLC to exchange or sell the isolated, noneconomic school lands and use the funds from the transactions to purchase real property that will generate additional revenues to benefit California's retired teachers. Proceeds from sales are deposited in the School Land Bank Fund (SLBF).

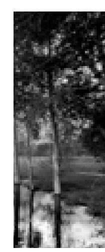
School Land Bank Fund Balance

The SLBF has accumulated more than $69 million. With the Budget Act of 2008 (as amended by Chapter 2 Statutes of 2009 Third Extraordinary Session), the Legislature authorized a loan from the SLBF to the General Fund of $59 million. The loan was re-paid in June 2017, along with almost $8.4 million in interest. The Commission staff anticipates receiving requests for land exchanges and land sales throughout the year, resulting in additional growth of the SLBF.

School Land Bank Fund Investment Activities

With the enactment of the School Land Bank Fund Act of 1984, the SLC was given the authority, as trustee for the SLBF, to select and acquire real property or any interest in real property using funds contained in the SLBF with the objective of facilitating management of school lands for the purpose of generating revenue. In light of this objective, and pursuant to the legislative directives in Chapter 485, Statutes of 2011, staff currently is working with the Bureau of Land Management to consumate a major land exchange that will consolidate land ownership patterns in the desert regions of southern California. This land exchange, as proposed, will result in the acquisition for the SLBF of an existing 550 megawatt solar energy farm that should generate over $4 million in annual rent to CalSTRS. The proposed land exchange will also result in other opportunities for the development of renewable energy projects on SLBF lands and significant additional revenue to CalSTRS.

Updated by State Lands Commission staff in December 2018.



Deferred Compensation

403bCompare

Description

CalSTRS maintains a comprehensive, impartial online investment information bank consisting of information about the retirement investment products offered by registered vendors who offer the investment products described under Section 403(b) of the Internal Revenue Code and provides objective comparisons of vendors and types of products. The investment information bank, 403bCompare.com, enables all employees of California's local school districts, community college districts, county offices of education, and state employees of a state employer under the uniform state payroll system, excluding the California State University System, eligible to participate in an annuity contract and custodial account as described in Section 403(b) of the Internal Revenue Code, to search and compare the products of registered 403(b) vendors.

Online Information Bank

403bCompare.com provides information on available investment options, product performance, participant fees, vendor experience, services offered by the vendors, and educational content to help school employees better understand investment product features and retirement planning principles. Vendors included in the information bank are public retirement systems, broker-dealers, registered investment companies, nonbank custodians, and life insurance companies qualified to do business and offer 403(b) products in California.

Vendors

Vendors wishing to sell 403(b) products to employees of California's local school districts, community college districts, and county offices of education, and eligible state employees of a state employer under the uniform state payroll system, excluding the California State University System, must first register with CalSTRS and include their product information, including fees, expenses, and past performance. CalSTRS is not liable for the vendor information contained on the site, but takes its fiduciary responsibility to its members very seriously and works with the vendors throughout the year to ensure the information contained on the website is accurate and up to date. Vendors can submit their information for review throughout the year, and new vendor information is added to the site annually during the open enrollment period, which is currently held during the month of September. As of January 1, 2019, there are 58 vendors registered on the 403bCompare.com website.

Services and Features

403bCompare.com provides employees and employers with various tools and resources.

A start-to-finish guide, titled *My Next Steps*, helps employees choose the most appropriate 403(b) product for their individual retirement savings needs. In addition, a product comparison tool compares all available 403(b) product details like fees, returns, features, and services. Lastly, 403bCompare.com includes an educational section for employees with information on the fundamentals of 403(b)s, basic financial awareness resources, and links to financial tools and calculators.

Through 403bCompare.com, employers can establish and maintain contact information for employees along with plan details. This includes a listing of approved 403(b) vendors, access to the written plan document, and information on the eligibility of Roth contributions. Employers can also provide a link to a printable form or access point on the website to complete a salary reduction agreement.

CalSTRS Pension2®

Plan Description

CalSTRS administers a hybrid retirement system, consisting of the Defined Benefit (DB) Program, the Defined Benefit Supplement (DBS) Program, and a voluntary defined contribution plan. Because the primary pension benefits are provided by the DB and DBS programs, the defined contribution component is called CalSTRS Pension2 Personal Wealth Plan (Pension2).

Pension2 offers the opportunity to invest through tax-advantaged payroll deductions in low-cost, flexible 403(b), Roth 403(b) and 457(b) plans for school employees, which are plans authorized under Sections 403(b) and 457(b) of the Internal Revenue Code. These plans are voluntary savings vehicles, which can be used to supplement the benefits received from the DB and DBS programs.

For 2019, employees under the age of 50 can contribute an annual maximum of $19,000 each to a 403(b) or 457(b) plan. Employees between the age of 50 and 70 ½ are eligible to contribute an additional "catch-up" amount of $6,000 to each plan bringing the maximum annual contribution for each plan to $25,000.

Investment Choices

CalSTRS Pension2 offers 20 core funds, selected by CalSTRS in consultation with its financial consultant, which allows participants to select a well-diversified portfolio from a preselected list of funds.

Employees also have the ability to invest in thousands of mutual funds through a brokerage window option.

Easy Choice Portfolios

In addition to the core investment choices and brokerage window, Pension2 offers 15 custom target date/risk based options called the Easy Choice Portfolios, which provides participants with a diversified portfolio based on their response to two questions:

- What is their expected year of retirement (2020, 2030, 2040, 2050, or already retired)?

And

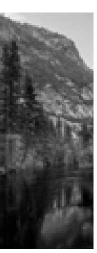
- What is their risk tolerance (conservative, moderate, or aggressive)?

Service and Features

The Pension2.com website allows employees to enroll online for a Pension2 403(b) or 457(b) account, see a transparent listing of costs associated with each fund option, view quarterly performance for all 20 core funds and 15 Easy Choice Portfolios, and access the necessary forms for Pension2.

The website provides educational videos, an eBook to learn more about Pension2, and a savings calculator illustrating the principle of time and compounding.

Through the website, employees can also request a free statement comparison to evaluate what they are currently investing in with what Pension2 can offer.



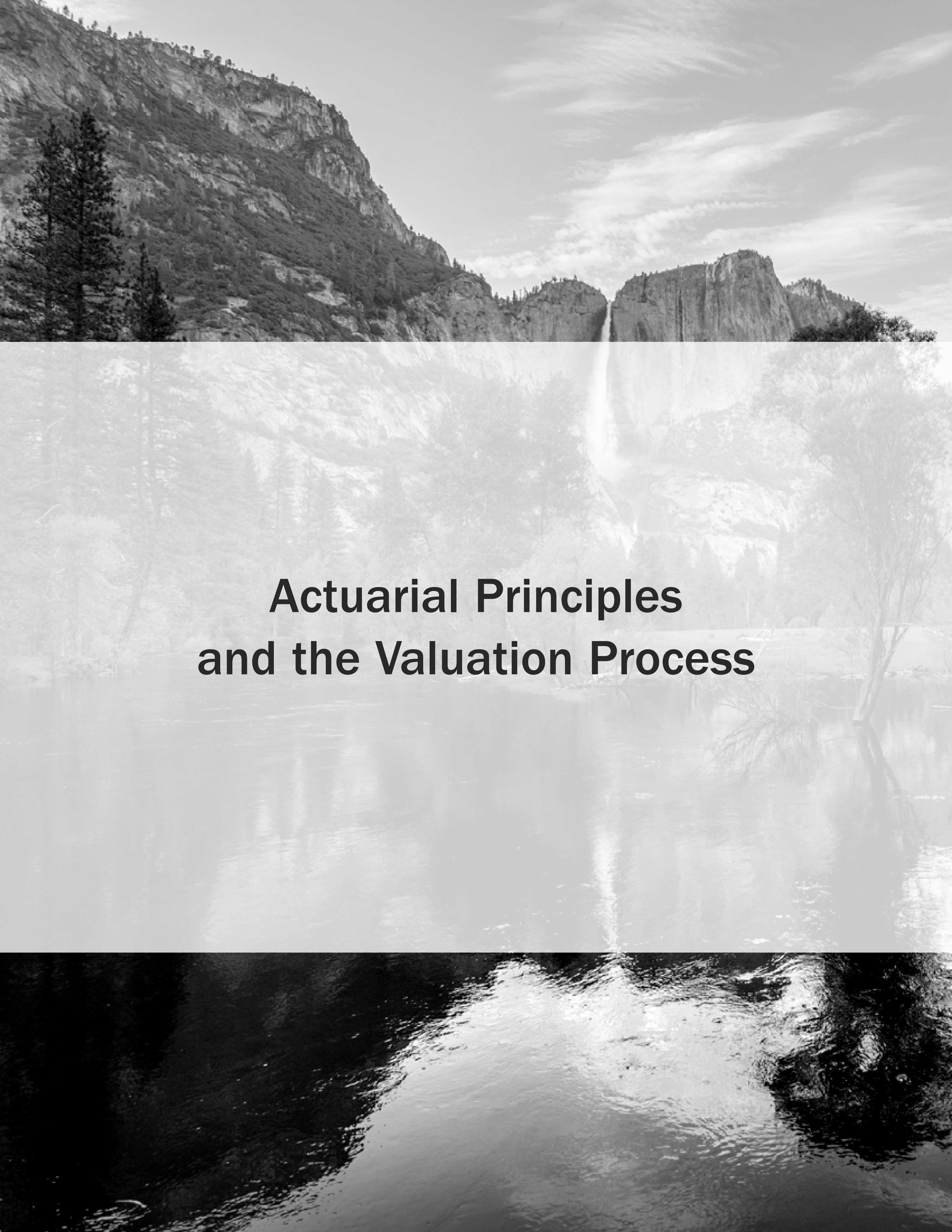
CalSTRS 403bComply

Description

In January 1, 2009, the IRS issued the most sweeping changes to IRS Code section 403(b) in over 50 years. The changes placed the responsibility for greater oversight of 403(b) plans on employers. Due to the complexity of the regulations, and the penalties for noncompliance, most school districts have chosen to employ a third party administrator (TPA) to manage their 403(b) programs' compliance.

CalSTRS 403bComply features extensive resources and services to help employers comply with the complex IRS 403(b) regulations. CalSTRS contracts with TCG Administrators to offer 403(b) TPA services.

TCG Administrators provides various online services, including salary reduction agreements, screening of vendors and products, access for employees to conduct all transactions and view their accounts, and access for employers. They also provide full document and plan compliance support, secure data, streamlined processing, and full compliance with federal and state 403(b) regulations.



Actuarial Principles and the Valuation Process

Actuarial Principles and the Valuation Process

CalSTRS has its consulting actuary prepare an annual actuarial valuation of the Defined Benefit Program as of June 30. The Cash Balance Benefit Program has been subject to an annual actuarial valuation since June 30, 1997. Since June 30, 2002, the Defined Benefit Supplement Program is also subject to an annual valuation.

Since actuarial results and valuation reports are generally not well understood, the intent of this discussion is to try to make the process and the results more meaningful and useful. While most of the discussion will focus on the much larger DB Program, these issues and concepts are generally equally applicable to both the CB Benefit Program and the DBS Program.

Actuarial Liabilities

Actuarial liabilities are created by a promise to pay a specified benefit if certain events occur or certain conditions are met. Actuarial liabilities are not the same thing as accounting liabilities. For an accounting liability, the only question is generally "when." For an actuarial liability, the question is not only "when," but also "if," and "how much." Therefore, actuarial liabilities are said to be "contingent." This means they are dependent upon one of several possible events occurring.

To evaluate the potential actuarial liabilities, the actuary must make three estimates:

- If a benefit will begin;
- When that benefit will begin; and
- What that benefit amount will be.

Money is paid out of the System if one of four events occurs: death, termination, disability, or retirement.

The amount of any benefit to be paid generally depends upon both current and future service and on the extent of future pay increases.

While the System is waiting to pay the benefit, it invests its funds and earns investment income to supplement contributions made by teachers, their employers, and the state. To evaluate the plan's potential liabilities, the actuary studies the system's experience and recommends certain assumptions to the board. The assumptions are split between demographic (or noneconomic) and economic assumptions. There are four major demographic assumptions for active members: death, termination, disability, and retirement. For retired members and survivors, the only assumption is the likelihood of death. For disabled members, the demographic assumption covers both death and recovery from disability.

There are also four major economic assumptions: the assumed inflation rate, the salary scale, the investment return assumption, and the payroll growth rate.

The Concept of Actuarial Cost

Over the long term, the employers' cost of the program is going to be equal to the difference between the sum of benefits, refunds, and expenses paid out over the sum of employee contributions and investment earnings. Poorer investment returns and unfavorable demographic experience will either decrease the current actuarial surplus or create an unfunded liability. Conversely, greater investment returns and favorable demographic experience will increase the actuarial surplus or reduce the unfunded liability. In order to prefund a defined benefit program properly, it is necessary to determine the appropriate amount of employee, employer, and state contributions to be made to the program. This is the function of an actuarial cost method – to produce a pattern of contributions that meet the goals and requirements of a defined benefit program.

There are two components to the actuarial cost of an existing benefit structure or from adding a benefit enhancement. These are the "normal cost" and the amortization charge for funding the unfunded actuarial obligation. The unfunded actuarial obligation is also referred to as the:

- Unfunded liability (UL);
- Unfunded actuarial accrued liability (UAAL); or
- Unfunded accrued liability (UAL).

At CalSTRS, this term is referred to as the Unfunded Actuarial Obligation (UAO).

The number of years it will take the current contribution schedule to fully amortize the UAO fully is referred to as the program's "funding period."

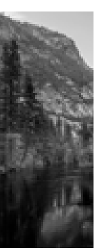
The normal cost may be thought of as the ongoing cost of the program, if there were no UAO. It is the annual cost for the benefits that will be earned by the average new member over his or her career, if the actuarial assumptions are exactly met and if there is no change in the benefit level.

The amortization charge for the UAO is the annual rate this UAO is being paid off, or "funded."

The technical definition of the UAO depends on the specific actuarial cost methods used in the valuation. Different cost methods assign different parts of the total actuarial liability for all future benefits to past years (the actuarial accrued liability), to the current year (the normal cost), and the future years (future normal cost).

Different actuarial cost methods spread the incidence of actuarial cost in different ways. One approach is to spread cost based on the benefit formula itself (the projected credit unit method). Another approach spreads the incidence of cost on a level dollar basis. Others spread the cost on a level percentage of payroll basis. The aggregate cost method does not create any UAO at all.

CalSTRS uses the entry age normal cost method for valuing the DB Program. This is the most common method used for public pension plans. Its popularity is because it spreads the cost as a level percentage of pay, and therefore, it does the best job of creating equitable treatment among successive generations of taxpayers.



The CB Benefit Program and the DBS Program use the traditional unit credit cost method, which is the method best suited for these types of programs.

Unfunded Actuarial Obligation

The UAO is calculated as the actuarial present value of all future benefits, less the actuarial present value of all future normal costs, less the current actuarial value of assets. The resulting UAO may either be positive (under-funded) or negative (over-funded).

The UAO is not an accounting liability. It is also not the actuarial liability if the program is terminated or frozen.

The UAO is the actuarial liability associated with prior years under the entry age cost method, assuming the plan will continue into the future. It reflects expected future pay increases for current members and expected future service for those members.

There are many reasons why a retirement program like the CalSTRS DB Program may have ended a prior year with an UAO. As was the situation in CalSTRS' case, a part of the UAO is due to those years in which the full actuarial cost was not contributed, e.g., the years before Elder Full Funding. UAO can also be created by program improvements such as increases in the multiplier and retiree benefit increases. Actuarial gains and losses will also affect the UAO. Gains and losses represent the difference between the actual experience of the program and its assumed experience. The most dramatic example of actuarial gains occurred during the years 1995–1999 where there was very favorable investment performance for funds allocated to the program.

Changes in actuarial assumptions and/or methods also affect the UAO. Such was the case for CalSTRS because of the last experience study.

It is important to remember that the creation of an UAO is a natural by-product of the entry age methodology. Whenever benefit improvements are granted and additional contributions are not made to the DB Program equal to the full cost of the benefit improvements relating to past service, the entry age method will cause an increase in the UAO.

There is nothing wrong with or bad about having an UAO. What is important is whether the System is making systematic progress in amortizing that UAO over a reasonable period of time. There is also nothing wrong with a benefit enhancement that increases the UAO, as long as proper funding is included at the creation of the benefit enhancement.

If, however, the board sees a consistent pattern of actuarial experience losses from one year to the next, it should have the actuary perform an experience study to determine whether the current assumptions need adjustment. Periodic experience studies are advisable even where this pattern does not exist.

In addition, if they see a consistent pattern of deterioration in the funded level of the program, they need to begin an education process to alert the legislature and plan members to the potential dangers of under-funding the program. The creation of Elder Full Funding is an example of this course of action.

Actuarial Assumptions

Because of the long time horizon of a defined benefit program, actuarial assumptions are necessary. The actuary's role is to study and recommend actuarial assumptions. The board then accepts, rejects, or modifies those recommendations. This action represents a fiduciary decision on the part of the board.

If the board and the actuary are too optimistic in establishing the assumptions, the long-term ability of the DB Program to meet its emerging liabilities may be impaired. Consider two examples:

In the first example, the board assumes the DB Program will earn 9.5 percent in investment return but in reality the program only averages 8 percent. The true value of the liabilities will be greater than what is being assumed in the actuarial valuation process, since the actual return is less than expected. This means more money will be required to pay the benefits than had been planned. Therefore, the System could have problems paying its benefits over the long-term if corrective action is not taken.

As a second example, the board sets retirement rates to assume members will retire on average at age 63. In reality, members actually retire at age 60. While the benefit may be less for retirement at age 60 than at age 63, it is payable for more years into the future. In addition and maybe even more significantly, the DB Program has lost three years of contributions it was counting on receiving.

Because the setting of the assumptions is so critical, the following discussion outlines the nature and impact of each major assumption.

Mortality Assumptions

The active member mortality assumption is not a major actuarial assumption as it relates to the size of the actuarial liabilities. This may be illustrated by comparing the active member mortality rates against the withdrawal and retirement rates. It is also illustrated by the size of the active member death benefit liability compared to the retirement benefit liability. The 2017 valuation of the DB Program showed the following present value of future benefits for active member death benefits versus retirement benefits (in millions of dollars):

Type of Benefit	Active Member	Retired Member
Death benefits	$1,119	$7,459
Present value of retirement benefits	$194,404	$143,042

In contrast to the active member mortality assumption, retired member mortality is a major assumption in determining the overall actuarial condition of the DB Program. The longer the life expectancy in retirement, the longer benefits will be paid. From a funding perspective, favorable experience would occur if there were more deaths among retirees than expected. This is because not as many benefits would be paid out as were anticipated. Therefore, the UAO will not grow as fast as assumed.

Rates of Disability

As with the active member mortality assumption, the assumption as to rates of disability is not a major actuarial assumption. Again, this may be seen by comparing the disability rates to the withdrawal and retirement rates. Using the 2017 DB Program valuation results, the relative importance of the benefit is seen if the present value of future benefits for future disabilities is compared to the present value of future retirement benefits (in millions of dollars):

Type of Benefit	Active Member Benefit	Retired Member Benefit
Disabled	$5,347	$3,803
Retired	$194,404	$143,042

In general, fewer disabilities than expected are viewed as favorable experience. If actual experience exhibits fewer disabilities than expected,

then not as many disability benefits will be paid out as anticipated by the actuarial assumption.

Withdrawal Rates

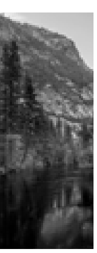
The assumption as to withdrawal rates is a major actuarial assumption; it determines the likelihood of members staying in service to eventually draw a retirement benefit. Favorable experience relative to withdrawal rates would be more terminations than expected by the assumptions. If there are more terminations, there will not be as many retirement benefits actually paid as expected and the benefits paid will not be as large as expected. For CalSTRS, the withdrawal rates are a function of both age and service. This approach reflects the fact that service is the most significant factor affecting the likelihood of staying in active employment.

Retirement Rates

The assumption as to retirement rates is also a major actuarial assumption in the valuation process. This assumption determines when the retirement benefits are expected to become payable. Favorable experience would occur if there were fewer retirements than expected. In this scenario, CalSTRS would have funds longer than expected, receive contributions longer than expected and pay out benefits for fewer years than expected.

Disabled Life Mortality

The mortality assumption for disabled lives is not a major actuarial assumption due to the size of disabled life liabilities compared to retired life liabilities. From a funding perspective, favorable experience would occur if there were more deaths or recoveries than expected by the assumption. This is because not as many disability benefits would be paid out relative to the assumed pay out.



Inflation Assumption

The inflation assumption is a key economic assumption. However, it is not affected by CalSTRS' experience.

The importance of this assumption is that it links the assets and the liabilities. This is because it is a component of both the salary scale and the investment return assumption. The current CalSTRS assumption for inflation is 2.75 percent.

Salary Scale Assumption

The salary scale assumption is a major assumption from an actuarial standpoint. It helps determine the amount of the expected benefits to be paid by CalSTRS. Favorable experience occurs when salaries increase slower than expected, producing smaller actual benefits than anticipated by the actuarial calculations. Salary gains have been common in many state retirement systems over the last few years.

There are three components to the salary scale. The first component is inflation. The second component is the productivity component, which measures how much general salary increases exceed inflation; this is in addition to any age or service-related salary increases.

The final component of the salary scale is the promotional component. For CalSTRS, it is a function of both age and service. It reflects increases in the salary schedule that occur due to an additional year of service or experience. It also reflects adjustments occurring in salary for additional degrees or for promotions.

Currently, the salary scale for CalSTRS includes the inflation component of 2.75 percent, a productivity component of 0.75 percent, and a promotional component that is a function of age and service and ranges from 0.45–6.4 percent.

Investment Return Assumption

The investment return assumption is a major actuarial assumption and is the most visible. It determines the discounted value of future benefits and how fast assets are expected to accumulate through the investment process.

Favorable experience relative to this assumption occurs when the invested assets earn a higher rate of return than expected. This is illustrated by the investment performance achieved during the plan years between fiscal years 1995 and 2000. There are two components to the investment return assumption. The first component is inflation, which is not affected by the program's asset allocation. The second component is the real rate of return net of investment expenses, which is affected by asset allocation, market forces and manager performance.

The current investment return assumption for CalSTRS is 7 percent. This is a common rate used by a number of large public plans. Because the inflation component is 2.75 percent, the current real rate of return assumption is 4.50 percent, net of investment expenses.

If the inflation component is changed and there is no change in the expected real rate of return, the amount of change will be equal to the change in the inflation assumption. If, on the other hand, the inflation component is increased, but there is no change in the total (nominal) investment return assumption, this implies there has been a decrease in the assumed real rate of return. An increase in the assumed real rate of return will equal the decrease in the inflation assumption.

Because of the common inflation component in these two assumptions, changes in the salary scale and the investment return assumptions should be viewed together to evaluate their reasonableness. The linkage of these two elements may be analyzed in an asset/liability modeling study.

The Actuarial Valuation

The primary purpose of the actuarial valuation for the DB Program is to determine the adequacy of the current contribution structure and any changes in the contribution structure that may be needed. This adequacy is measured in terms of the funding period. There are, however, several other purposes of the valuation. These include:

- Tracking changes in funding periods from the last valuation to the current valuation;
- Calculating the actuarial gains and losses for the two-year period between valuations; and
- Providing a biennial snapshot of the status of the plan.

For the CB Benefit Program and the DBS Program, the valuation process evaluates how the Plan net assets match-up with the sum of the nominal account balances, the Gain and Loss Reserve, and any Annuitant Reserve. It also determines how to allocate that year's investment earnings among minimum interest credits, additional earnings credits, and the Gain and Loss Reserve.

As with everything the CalSTRS consulting actuary calculates, all results in these valuations are based on the assumptions and methods adopted by the board.

The valuation report provides a great deal of information. As noted above, the primary focus of the DB Program valuation is to determine the funding period for amortizing the UAO, based on the current contribution schedule.

The valuation also provides information on any assets and/or liability gains or losses, the size of the UAO itself, the plan's current funded status, an estimate of investment returns based on the actuarial value of assets, numerous member statistics, and the external cash flow during the two-year period.

Viewing and Interpreting Valuation Results

A number of issues contribute to the perception that actuarial concepts are difficult to understand. These include the long-term nature of actuarial liabilities themselves. It also reflects the large number of actuarial variables present in the valuation. Yet another complicating feature is the existence of complex benefit provisions.

The valuation report contains a multitude of numbers and amounts. In trying to understand the significance of the valuation, readers of the report should not just focus on the numbers in isolation. In order to understand the meaning of the valuation results, it is helpful to put the actuarial results in perspective by looking at trends and comparisons:

- Is the funded ratio changing from year to year? If so, is it increasing or decreasing from one valuation to the next?
- Is the UAO growing or declining as a percent of payroll? The UAO may be increasing in total dollar amount simply because the active membership is growing. By looking at it relative to payroll, it is possible to evaluate whether or not the UAO is growing faster or slower than the system as a whole.
- It is important to observe any pattern of actuarial gains or losses from one valuation to the next. If there are changes in the UAO, can those changes be explained by benefit enhancements or by changes in assumptions?
- Is the funding period increasing or decreasing from one valuation to the next?

These are the types of reviews and analysis the actuary performs when evaluating the valuation results.

CalSTRS Investments

CalSTRS Investment Beliefs

Legal Framework

Under California Constitution, Article 16, Section 17, and the California Education Code, Part 13 Teachers Retirement Law, Chapter 4, Section 22250:

The board has plenary authority and fiduciary responsibility for investment of moneys of the retirement system, and the sole and exclusive fiduciary responsibility over the assets of the retirement system. The board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the members and their beneficiaries.

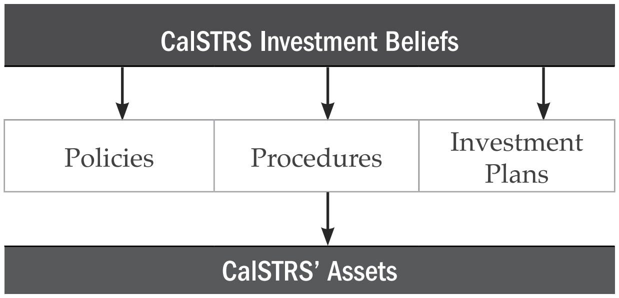
The assets of the retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administering the system.

The board shall discharge its duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. The board shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

The board's duty to its members and their beneficiaries shall take precedence over any other duty.

Preamble

Consistent with these Constitutional and statutory prescriptions, CalSTRS has broad discretion over the investment of the assets of the fund. These Investment Beliefs provide a foundational framework for all of CalSTRS' investment decision-makers to invest in a manner that reflects CalSTRS' unique view of the global investment markets and its vision for participating in these markets to accomplish its fiduciary goal. In this respect, these Investment Beliefs should help guide CalSTRS' policy leaders and other decision makers to develop appropriate policies, procedures, and investment plans for CalSTRS' assets.



Beliefs Statements

Belief 1

Diversification strengthens the fund.
Diversification improves the risk-adjusted profile of an investment portfolio.

Belief 2

The Global public investment markets are largely, but not completely, efficient.
Historically, a large percentage of the CalSTRS' portfolio has been passively or semi-passively managed, approximately 80% of which are publicly-traded assets. In today's internet era, in the major market segments, information is processed rapidly at very low cost and acted upon quickly by millions of market players, making it very difficult to add value. However, there are certain segments of the markets where information processing is more challenging and costly. In these areas astute and well-resourced investors such as CalSTRS can utilize unique investment styles and methods to generate net-of-fee returns in excess of those available to a passive buy-and- hold market exposure.

Belief 3

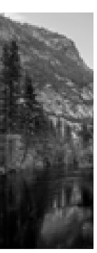
Managing investment costs yields long-term benefits.
Investment costs, if not managed appropriately, can have a significant (rather than frictional) impact upon overall portfolio performance. CalSTRS, as a large-scale investor, should focus on measuring, monitoring, and minimizing all relevant investment costs.

Belief 4

Internal management is a critical capability.
In contrast to other investors, CalSTRS commands significant resource flexibility and ability to execute its investment activities internally. Where feasible, CalSTRS should utilize internal management to best harness and direct its resources.

Belief 5

CalSTRS can potentially capture an illiquidity risk premium.
Illiquid investments offer investors a return premium due to the inability to quickly buy, sell or convert them to cash as quickly as liquid or freely traded assets. CalSTRS believes it can capture this risk premium by investing in real estate, private equity and other similar assets.



Belief 6

Managing short-term drawdown risk can positively impact CalSTRS' ability to meet its long-term financial obligations.
As a system, CalSTRS is in a deficit funding position, experiencing ongoing negative cash outflows as benefits paid out exceed contributions received during a fiscal year. Given this status, the system is particularly sensitive to periods when its investments produce negative returns. In such situations, CalSTRS may be required to sell assets - due to its negative cash outflow status – when asset values are declining. In contrast, plans that exhibit positive cash inflows can purchase at a discount during such period.

As a result of this sensitivity, periods of significant negative asset returns will actually impair CalSTRS' chances of achieving its long-term funding objectives, even assuming investment markets recover in later periods. Therefore, CalSTRS must attentively manage short-term drawdown risk when developing the long-term asset allocation and when shifting or rebalancing the portfolio.

Belief 7

Responsible corporate governance, including the management of environmental, social and governance (ESG) factors, can benefit long-term investors like CalSTRS.
CalSTRS believes that, in addition to traditional financial metrics, timely consideration of material environmental, social, and governance (ESG) factors in the investment process for every asset class, has the potential, over the long-term, to positively impact investment returns and help to better manage risks.

Proxy rights attached to shareholder interests in public companies are additional "plan assets" of the system. As a largely long-term investor, CalSTRS can enhance the value of its plan assets by taking a leadership role through voting proxies.

Belief 8

Alignment of financial interests between CalSTRS and its advisors is critical.
In keeping with existing policies, guidelines, and procedures, CalSTRS is best served when there is contractual alignment and transparency of financial interests with its external investment advisors and managers.

Investment Policy and Management Plan

Executive Summary

The California State Teachers' Retirement Board (board) believes that to manage growth of assets in a prudent manner, it is necessary to establish Investment Beliefs and a clear investment policy and a planning statement under which the Investment Branch will operate. The board has sole and exclusive fiduciary responsibility to administer the investment assets in a manner that will assure the prompt delivery of benefits and related services to the plan participants and their beneficiaries. As a public pension fund, the California State Teachers' Retirement System (CalSTRS) is not subject to the Employee Retirement Income Security Act (ERISA), which governs corporate pension plans. The CalSTRS investment decision-making criteria are based on the "prudent expert" standard, for which the ERISA prudence standards serve as a basis. Additionally, the California Constitution, Article 16, Section 17, subdivision (d) and the California Education Code, Part 13, Chapter 4, Section 22250, subdivision (c) require diversification of risk across asset classes and minimization of employer costs.

The Investment Committee has established the core tenets in the form of an Investment Investments Belief Statement, which preceded this Investment Policy. The Beliefs provide a broad guide and framework for the Investment Policy and Management Plan (IPMP) and all various Investment Policies. The IPMP has been developed within the context of the significant events that have occurred during CalSTRS' history. The CalSTRS IPMP is updated to reflect the changes that have occurred in the investment policy and strategy as a result of implementing approved programs. In addition, the IPMP is updated to ensure that the factors that impacted initial decisions are still relevant in the current environment.

This document addresses general objectives governing the policies of the investment function and specific performance objectives. The general objectives are meant to provide a framework for the operation of the investment function. CalSTRS' performance objectives can be divided into objectives, one for the overall investment function and one for the objectives for the various asset classes and initiatives.

The asset allocation decision governs the allocation of CalSTRS' assets between public and private. Strategic allocation of CalSTRS' assets is the most important factor in the determination of the realized total rate of return. The board, Investments Staff, and the general consultants worked together to create a variety of optimal asset allocation alternatives. The board has adopted the desired targets and set tight ranges around those targets to control risk and ensure the proper allocation of the portfolio.

Strategic asset allocation targets are established within a variety of sub-asset categories to achieve the identified performance objectives. In conjunction with the overall asset allocation targets, sub-asset class level tactical ranges provide flexibility to adapt to changing market conditions.

Investment related issues addressed included:

1. The Fund's overall investment objectives, risk tolerance, and performance standards.
2. The relative amount of active and passive management within each asset class.
3. The relative amount of internal and external management.
4. The appropriate direct and indirect costs of each asset category.
5. The appropriate reporting standards and time horizons.

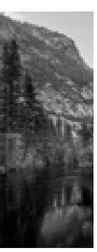
Additionally, CalSTRS is committed to holding and managing securities investments in both the public and private markets and exercising the corporate governance rights that are a necessary part of that ownership. CalSTRS views these rights as plan assets and discharges its fiduciary duty solely in the interest of the plan participants and their beneficiaries.

Standard Of Care

Under California Constitution, Article 16, Section 17, and the California Education Code, Part 13 Teachers' Retirement Law, Chapter 4, Section 22250, the board has the sole and exclusive fiduciary responsibility over the assets of the retirement system. The board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the members and their beneficiaries. The assets of the retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries, and defraying reasonable expenses of administering the system.

The members of the board of the retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of, providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. The board's duty to its participants and their beneficiaries shall take precedence over any other duty.

The members of the CalSTRS Board shall discharge their duties with respect to the system with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.



General Investment Objectives

The main goal for The California State Teachers' Retirement System is to "maintain a financially sound Retirement System." Within this context and in conjunction with the State Constitution and Education Code, the following general investment objectives are designed in consideration of the Investment Beliefs, to establish a framework for the operation of the investment portfolio.

1. **Provide for Present and Future Benefit Payments.** The CalSTRS Investment Program shall: provide liquidity to pay benefits to its participants and their beneficiaries in the amounts and at the times called for through the investment of contributions and other fund assets, strive to meet the assumptions built into the actuarial model, and strive to maintain a fully funded pension system.
2. **Diversify the Assets.** Seek to diversify the assets to achieve the desired rate of return at a prudent level of risk. The asset structure must provide for diversification of risk between asset classes in order to manage the risk/return relationship through strategic asset allocation.
3. **The Reduction of CalSTRS' Funding Costs.** Within prudent levels of risk, the reduction of CalSTRS' funding costs shall be a consideration in the organization and structure of the investment portfolio.
4. **Maintain the Trust of the Participants and Public.** Manage the investment program in such a manner that will enhance the member and public's confidence in the CalSTRS Investment Program.
5. **Establish Policy and Objective Review Process.** A formal review of the CalSTRS Investment Policy and Management Plan will be conducted annually, with an updated financial projection developed every two years.
6. **Create Reasonable Pension Investments Relative to Other Pension Funds.** The selection of investment vehicles and policies will be judged against other private and public pension funds. Investment performance, asset management costs, staffing, and overall expenses will be compared to other public and corporate pension plans, with special emphasis on comparisons with other large public funds.
7. **Minimize Costs.** Management fees, trading costs, and other expenses will be aggressively monitored and controlled.
8. **Compliance with State and Federal Laws.** The investment program must operate in compliance with all applicable State and Federal laws and regulations concerning the investment of pension assets.

Investment Performance Objectives

The general investment objectives designed a framework for the operation of the investment function. The performance objectives can be divided into three components: 1) performance objectives for the overall Investment Portfolio, 2) performance objectives for each asset class, and 3) performance objectives for the individual investment managers within each asset class. CalSTRS incorporates all three levels of analysis in its monitoring of the investment portfolio performance.

In 2001, a survey of the board members confirmed the board's primary objective is to meet the actuarial assumptions and to strive to maintain a fully funded pension plan. Further, the board reaffirmed its focus on a long-term investment horizon of 10 years. As a long-term pension plan, the board emphasizes that the primary time horizon for measuring investment performance will be over a three-, five-, and 10-year period rather than quarter to quarter or year to year.

There are five performance objectives identified for the overall Investment Portfolio:

1. Relative to the Actuarial Rate of Interest
2. Relative to CalSTRS' Liabilities
3. Relative to Inflation
4. Relative to Strategic Asset Allocation Targets (Policy Benchmark Index)
5. Relative to the CalSTRS Reference Portfolio

The first objective identifies a comparative benchmark that reflects CalSTRS' unique asset allocation policy. This performance objective is a composite of the target weighting for each asset category multiplied by the performance benchmark's return for that category. This performance number is compared to the actual asset allocation and actual total rate of return. This comparison identifies the contribution or detriment to performance caused by manager performance, market timing, and tactical asset allocation decisions.

The inflation related objective compares the investment performance against the rate of inflation as measured by the Consumer Price Index plus 3.5 percent. The Consumer Price Index is used in the calculation of the estimated salary increases for the members (teachers). The inflation measure provides a link to CalSTRS' liabilities.

The actuarial rate of interest is reviewed and monitored as a measure of the long-term rate of growth of CalSTRS' assets. The current actuarial rate of interest is 7.00 percent. When adopting the actuarial rate of interest, the board anticipates the investment portfolio may achieve higher returns in some years and lower returns in other years.

The liability related performance objective recognizes that liabilities must be paid in full and in a timely manner. The liabilities are future claims of the CalSTRS participants. The actuarial rate of interest is used to discount the future value of the CalSTRS liabilities to calculate the funded ratio.

Performance Benchmarks

To facilitate the periodic reporting to the Investment Committee and to provide a relative measure to gauge success, custom performance benchmarks are approved by the Investment Committee. The approved custom performance benchmarks are shown on the following page.

Blended indices are weighted based upon CalSTRS' target allocations to each respective index. Each investment manager, for U.S. and non-U.S. equity, fixed income, and currency hedging has an individualized benchmark designed to measure its performance relative to the objective identified in each manager's respective investment guidelines.

Total Fund Benchmark

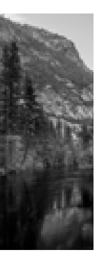
To measure the performance of the Total Fund, CalSTRS utilizes two benchmarks as described below. One primarily for members and the public and one customized for internal performance attribution and risk management.

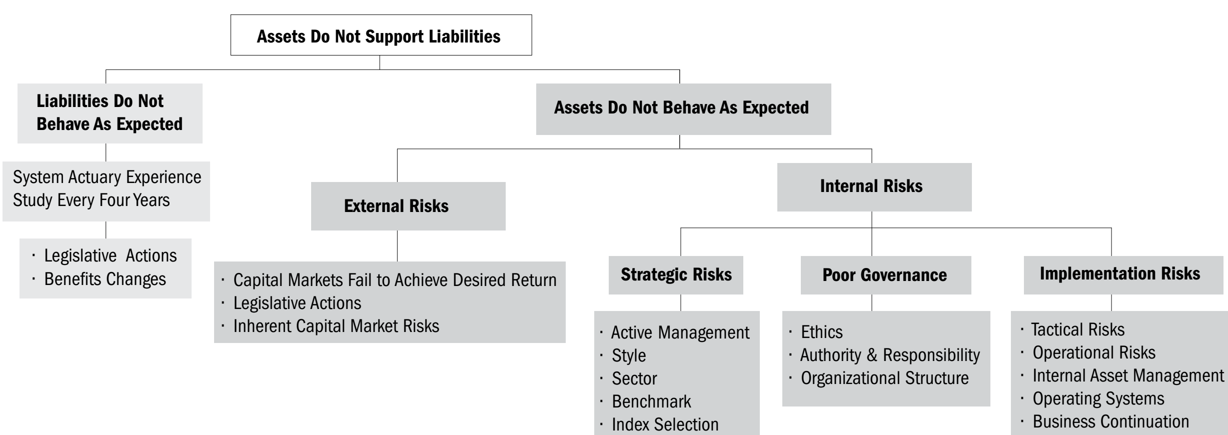
Policy Benchmark Index – This measure is used for performance attribution and risk measurement. It is developed by taking each of the respective asset classes custom benchmarks weighted by the policy target asset allocation at the end of the specific time period. Since almost all of the asset class benchmarks are customized for CalSTRS exclusions and special mandates,

Total Public Global Equity	Weighted blend of the Russell 3000 Custom Index[1] + MSCI All Country World Index (ACWI) ex-U.S. Custom Investable Market Index (IMI)[1]
U.S. Equity	Russell 3000 Custom Index[1]
Non-U.S. Equity	MSCI ACWI ex-U.S. Custom IMI[1]
Total Public Debt	(95%) Bloomberg Barclays U.S. Aggregate Custom Index[1] + (5%) Bloomberg Barclays U.S. High Yield 2% Issuer Capped Custom Index[1]
U.S. Core	Bloomberg Barclays U.S. Aggregate Custom Index[1]
U.S. Core Plus Debt	Bloomberg Barclays U.S. Universal Custom Index[1]
High Yield Debt	Bloomberg Barclays U.S. High Yield 2% Issuer Capped Custom Index[1]
Inflation Sensitive	Weighted blend of the Bloomberg Barclays U.S. Government Inflation Linked Bond Index, Bloomberg Commodity Index, Alerian MLP Daily index and CPI+4% (quarter lagged)
Real Estate	NCREIF ODCE Value Weighted Index Net of fees (quarter lagged)
Private Equity	Weighted blend of the CalSTRS Custom Private Equity Index and Custom Tactical Index (both quarter lagged)[2]
Risk Mitigating Strategies	Weighted blend of: Bloomberg Barclays U.S. Treasury 20+year Total Return Index, SG Trend Index, HFRI Macro: Discretionary Thematic Index, and Eurekahedge Multi-Factor Risk Premia Index. Once the asset class is fully implemented, target weights of each underlying strategy will be applied to the custom benchmark, as described in the RMS policy.[2]

[1] Custom public indices are updated quarterly in accordance with the CalSTRS restricted securities list. Exclusions include tobacco, illegal CA firearms, thermal coal and geopolitical companies.

[2] As new strategies are added, the future benchmark shall be a dynamic blend comprised of the weightings of each of the underlying strategies within the portfolio, multiplied by their respective benchmarks. The Investment Policy and Management Plan will be updated accordingly through a schedule set forth by the board.





they are not publicly available. Additionally, because the Total Fund utilizes long term illiquid securities, benchmark comparisons become difficult over shorter time periods. Many of the illiquid asset classes are not investible options for the members and public.

Reference Portfolio – The reference portfolio is the Morningstar Moderate Target Risk index which is designed to help measure Target date mutual funds with a long investment horizon and risk level very similar to that of the CalSTRS total fund. This measure is designed to allow members and the public compare the CalSTRS total fund Investment performance to a similar risk level portfolio they could utilize within the personal retirement accounts. This measure will be used in external publications to provide comparison that is publicly available and clearly defined. The Reference Portfolio is also the most appropriate performance measurement tool to measure the performance success of the over long time periods.

Risk Constraints

The CalSTRS Investment Portfolio will be invested to maximize return at a prudent level of risk in accordance with the CalSTRS Investment Policy and Management Plan, the California Constitution, and the California Education Code.

Risk Standards

With a few enhancements, CalSTRS has utilized the risk matrix *Statements of Key Investment Risk and Common Practices to Address Those Risks, June 2000*, which is endorsed by the NCTR[1] , GFOA[2], and APPFA[3]. These standards promulgate the CalSTRS risk framework which is listed below:

External Risk – External risks are embedded and inherent within the capital markets. This policy defines CalSTRS' strategy and process to capture or, in turn, mitigate these risks.

Governance Risk – Governance risk is mitigated within the board's governance policy and the individual asset class policies. Roles and assignments are clearly stated in each policy.

Strategic Investment Risks & Implementation Risks – These particular risks have increased significantly over time; as a result, the Investment Committee has revised the strategies to tactically manage the risks of the portfolio. CalSTRS has adopted six key risk measures to help identify potential deviations in global risk levels.

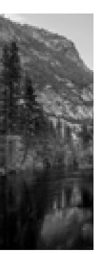
Global Economic Growth Risk	Interest Rate Risk	Inflation Risk
Liquidity – Fluid Market Risk	Leverage Financing Risk	Global Investment Governance Risk

These risks overlay the total portfolio and touch almost each asset class in one way or another. Management of these risks requires comprehensive strategies across the portfolio.

This policy is designed to mitigate the strategic investment risks and implementation risks of the investment activity. A critical element to mitigate these risks is the asset allocation and sub-asset structure of each asset class. The board has adopted target allocations and tight ranges to control and limit the strategic and tactical risks in the portfolio. To control the active manager style, sector, index, and benchmark risks, the board has delineated guidelines and structure through the asset allocation plan and the asset class policies and guidelines.

Environmental, Social and Governance Risks (ESG) – CalSTRS Investment Portfolio operates in a unique and complex social-economic milieu, and the board expects its staff and investment manages to select investments after a careful investigation and deliberation of the risks versus the potential return. To assist staff and investment managers, the board has promulgated a policy that deliniates principles and risks to be considered in all investment decisions. This ESG policy is included as Attachment A to this policy.

1. National Council on Teacher Retirement; 2. Government Finance Officers Association;
3. Association of Public Pension Fund Auditors



Risk Budget

The CalSTRS Asset Allocation Plan is developed within the concept of a risk budget. In CalSTRS' view, the public markets of U.S. equity, U.S. fixed income and, to a lesser extent, non-U.S. equity, are fairly efficient markets. Information is disseminated quickly and new information is quickly absorbed into the market prices of a given security. As a result, CalSTRS utilizes a more passive management style. The less efficient the investment the greater exposure to active management and hence the larger exposure to style, sector, and management risk.

In the less liquid and inefficient asset classes of high-yield fixed income, private equity, infrastructure, and real estate, CalSTRS utilizes a complex active management style to capture the greater opportunity set offered by the larger risks.

Total Fund Risk

Liquidity Risk

No more than 35 percent of the total fund shall be invested in instruments that are not regularly publicly traded on a daily basis.

Maximum Investment

No more than 3 percent of the total fund shall be invested or exposed to any one security or corporation, with the exception of United States Treasury or Agency Obligations. No more than 15 percent of any asset class may be invested in any one security, with the exception of United States Treasury or Agency Obligations.

Total Return and Risk Estimates*

Assumed inflation level: 3.0% per year Adopted in June 2015

Asset Class	Expected Annual Return	Expected Risk (Annualized SD)[4]
Cash / Liquidity	2.0	2.0
Fixed Income	3.30	6.0
Inflation Sensitive	6.8	11.3
Global Equity	9.3	19.1
Private Equity	12.3	25.0
Real Estate	8.2	14.0
Risk Mitigating Strategies (RMS)	5.9	11.3
Total Fund	**7.4**	**13.0**

[4] SD – Standard Deviation

Correlation among the asset classes:

	Global Equity	Fixed Income	Inflation Sensitive	Private Equity	Real Estate	RMS
Global Equity	1.00					
Fixed Income	0.06	1.00				
Inflation Sensitive	0.38	0.36	1.00			
Private Equity	0.82	–0.23	0.28	1.00		
Real Estate	0.53	0.03	0.26	0.60	1.00	
RMS	0.09	0.54	0.14	–0.28	–0.03	1.00

* These return and volatility estimates are only for asset allocation modeling purposes. The Investment Committee has not authorized their use for liability modeling purposes.

Asset Allocation

The Asset Allocation Process

The key goal of the asset allocation process is to develop an asset allocation policy that maximizes the likelihood that an investment portfolio's assets will, over the planning horizon, fund plan benefits.

Steps Involved in Setting Asset Allocation Policy

Overview and Planning Steps

1. Review the current investment policy and asset allocation history.
2. Review financial condition of the Defined Benefit Plan.
   A. Assets versus projected liabilities (balance sheet)
   B. Long-term funding plan and current status
   C. Projected contributions versus projected benefits

Investment Related Steps

3. Review rationale for investment asset classes in light of plan financial requirements.
4. Develop expectations for asset class investment performance (returns, risks, correlations).
5. Identify CalSTRS specific constraints that might limit investment strategies (e.g., liquidity, divestment).
6. Create model portfolios, incorporating objectives, assumptions, and constraints.
7. Perform additional sensitivity analyses to quantify impact of specific issues.
   A. Adjustments to required rate of return
   B. Shift in financial condition of the Plan due to funding
8. Isolate investor-specific model portfolio to represent an investor's asset allocation policy.

CalSTRS will conduct an asset/liability study on a four-year cycle in conjunction with the review of the liability assumptions or more frequently if there is a significant change in the liabilities or assets. During the asset allocation study, a comprehensive review of the financial condition

CalSTRS Asset Allocation Policy Trends (in %)

Asset Class	Long-term*	2015	2013	2008	1999	1993	1986
U.S. Equities	23	37	34	40	38	33	40
Non-U.S. Equities	24	18	17	20	25	18	15
Public Global Equity	**47**	**55**	**51**	**60**	**63**	**51**	**55**
Real Estate	13	13	13	11	5	10	10
Private Equity	13	13	13	9	5	7	5
Total Equity	**73**	**81**	**77**	**80**	**73**	**68**	**70**
Global TAA	0	0	0	0	0	1	0
Inflation Sensitive	4	1	6				
Fixed Income	12	17	16	20	26	30	30
Cash	2	1	1	0	1	1	0
Risk Mitigating Strategies	9	0					
Innovative Strategies	0						
Total Diversifying	**27**	**19**	**23**	**20**	**27**	**31**	**30**
Total	100	100	100	100	100	100	100

* The long-term target was established in November 2015.

of the plan becomes imperative. A key component of reviewing the plan's financial condition is studying the actuarial requirements of the plan. These include the future liabilities and expected cash flow of contributions less benefit payments. For example, as a mature defined benefit plan, CalSTRS will have a negative cash flow as more participants retire. These requirements represent CalSTRS' long-term liabilities and, when combined with CalSTRS' Investment Portfolio, constitute a pension plan's balance sheet.

Understanding what factors (such as changes in interest rates, benefit structures, and plan demographics) influence these liabilities is important. Changes in these and other underlying factors may, in fact, alter a plan's liability structure. Such shifts could, in turn, impact the plan's financial condition. CalSTRS' factors were studied and considered as part of this asset allocation review.

Selecting Asset Classes for Portfolio Investment

As discussed earlier, there are three components required to model investment returns: 1) asset class expected returns, 2) asset class risks, and 3) correlations among asset classes. Investment consultants develop these components, which are then used to develop efficient frontiers quantitatively.

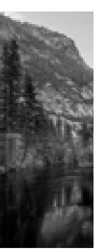
These returns and volatility estimates reflect several basic relationships:

1. Investors or lenders of capital require an incremental real return premium as a reward for making capital available.
2. Equity-oriented investments should, over long periods, produce return premiums that are higher than their fixed-income counterparts.
3. The return assumptions for the publicly traded asset classes do not account for added value opportunities within each asset class.

CalSTRS Long-term Policy Target and Ranges

	Long-Term Target	Range
Global Equity	47%	+/- 6%
Private Equity	13%	+/- 3%
Real Estate	13%	+/- 3%
Total Equity	**73%**	
Inflation Sensitive	4%	+/- 3%
Fixed Income	12%	+/- 3%
Cash	2%	+/- 3%
Risk Mitigating Strategies	9%	+/- 3%
Innovative Strategies	0%	+/- 3%
Total Diversifying	**27%**	
Total Asset Allocation	**100%**	

Please note that the allocated, but not funded, portion of Private Equity and Real Estate will be invested in accordance with the Strategic Asset Allocation Plan.



Revised CalSTRS Long-term Policy Target and Ranges

Strategic Class	Asset Class/Strategy	Effective 1/1/17 Step 1	Effective 6/30/17 Step 2	Effective 1/1/2018	Potential next Step 3	Potential next Step 4	Long-Term Target
Equity & Growth	Global Equity	56%	55%	54%	53%	51%	47%
	Private Equity	9%	8%	8%	9%	10%	13%
Real Assets & Inflation	Real Estate	13%	12%	12%	13%	13%	13%
	Inflation Sensitive	1%	2%	2%	2%	3%	4%
Risk Mitigating	Innovative Strategies	0%	0%	0%	0%	0%	0%
	Risk Mitigating Strategies	3%	6%	9%	9%	9%	9%
Fixed Income	Fixed Income	16%	15%	13%	12%	12%	12%
	Cash/Liquidity	2%	2%	2%	2%	2%	2%
	Total Asset Allocation	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Review of Asset Allocation Policy

Over the last thirty years, CalSTRS' Asset Allocation Policy has shifted modestly.

CalSTRS' Investment Policy has remained consistent from an equity/stable asset allocation viewpoint. In 1986, CalSTRS had a strategic allocation of 70 percent equities and 30 percent stable assets. In 1997, CalSTRS' Board adopted and reaffirmed a policy of 73 percent equity and 27 percent stable assets. During the 2006 Asset Liability Study, the Investment Committee approved a shift to a long-term plan of 80 percent equity and 20 percent stable assets to optimize the likelihood of success in meeting the investment goals listed at the beginning of the policy. In 2009, the Investment Committee added a new asset group, Inflation Sensitive, to help improve the overall diversification and reduce volatility. Lastly, in 2015, the Committee added Risk Mitigating Strategies to reduce the risk of decline in significant negative investment periods.

Strategic Asset Allocation

CalSTRS' asset allocation strategy utilizes a design for today's needs, while anticipating the future capacity and growth of the investment portfolio. A strategic asset allocation target for each asset class was first established in 2001 and has been revised with each subsequent asset allocation study based upon a comprehensive asset allocation analysis completed by the Investmnt Committee's independent external Investment Consultant. In conjunction with the strategic target, a range for each asset category has been established to provide flexibility designed to reduce rebalancing costs and to allow flexibility to adapt to changing market conditions.

To control the risk and return relationship, each asset category should be rebalanced to the strategic target. Rebalancing latitude is important and can significantly affect the performance of the portfolio. Blind adherence to narrow ranges increases transaction costs without a documented increase in performance. A rebalancing range that is too wide may cause undesired changes in the asset allocation. The ranges are based upon the allowed variation in the overall risk profile of the entire portfolio.

With the creation of the Inflation Sensitive asset class in 2010, and the Risk Mitigating Strategies asset class in 2015, CalSTRS will build up these new portfolios as attractive investment opportunities and time permit. To integrate the new asset classes, CalSTRS has adopted the following implementation plan commencing in 2016. Every six months the asset mix will be revisited and the policy benchmark/allocation may be shifted to the next step if warranted and approved by the Investment Committee.

Rebalancing Procedure: The asset mix may deviate from the target as shown on the next page. Deviations greater than described may require rebalancing within the range. The range around the allocation targets is intended to keep the actual allocation close to the target while minimizing the transaction costs that result from rebalancing.

1. The board delegates to the chief investment officer authority to rebalance the asset allocation across asset classes/strategies when market values of assets fall outside policy ranges and to shift allocations within the ranges. Rebalancing and shifts will be accomplished first to meet adequate cash flow demands and second through reallocation of assets across asset classes. The timing of the re-balancing and shifts will be based on market opportunities and the consideration of transaction costs, and therefore need not occur immediately. The global financial markets and fund conditions are dynamic, not static. The optimum shift in assets will depend on market volatility and costs. The above policy ranges are long-term and may deviate in the short-term as a result of funding schedules, interim market movements, and market impact costs of implementation.

2. Idle cash, in excess of the cash flow needs, will be allocated to asset classes and investment managers based on target allocations.

3. The board authorizes the chief investment officer to shift assets in a timely, prudent, and cost efficient manner within the policy ranges and in order to maintain the policy ranges established by the board. The board further authorizes the chief investment officer to utilize futures, forward contracts and options for a temporary period, in order to maintain target range exposure in asset classes and to reduce transaction costs that would otherwise be incurred by the buying and selling of actual securities. Rebalancing can occur to bring asset classes within their target ranges or when there is transition between investment managers. The CIO will promptly report any re-balancing to the board at the next Investment Committee meeting.

4. Rebalance Within Asset Classes: The board authorizes the chief investment officer to rebalance within each asset class by first using normal cash flows and second through the reallocation of assets within asset classes. This reallocation will be based on individual policies and guidelines for each asset class.

5. Because of appraisal valuation and the illiquid market nature of appraised assets, exceeding the maximum policy range allocation will trigger a conscious review by the chief investment officer, the specialty and general consultants, and the Investment Committee rather than an automatic rebalancing.

Investment Structure

Investment structure guides and directs present and future investment decisions in a prudent manner. The structure is also used by CalSTRS to mitigate the strategic investment risk within the portfolio. Investment related issues addressed included:

1. The relative amount of active and passive management.

2. The relative amount of internal and external management.

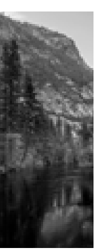
3. The appropriate direct and indirect costs of each asset category.

4. The appropriate reporting standards and time horizons.

Asset Allocation Structure

1. Based on academic studies, a vast majority of the total return is attributable to the asset allocation decision. Consequently, each asset category shall remain within the tactical range approved in the strategic asset allocation adopted by the board.

2. Control of the cash flow is critical to the success of long-term investment strategies. Estimated cash flows shall be provided to the Investment Committee in conjunction with the biennial actuarial study.



3. No less than quarterly, the chief investment officer will complete a report identifying the salient aspects of the investments, including a section on compliance with approved asset allocation targets.

Corporate Governance Policy

CalSTRS has developed robust policies and standards for fair and open governance of corporations. As long-term owners and lenders to corporations around the world, it is CalSTRS' duty to protect those assets through the pursuit of good governance and operational accountability. More detailed information about the program can be found in the CalSTRS Corporate Governance Program Policy.

Global Equity Structure

1. The equity portfolio is a full global portfolio comprised of U.S., non-U.S. developed countries, and emerging markets. Each segment is managed under a different structure and the Global Equity Policy has set forth targets and ranges for each area.

2. The U.S. segment of the Global Equity Portfolio will be managed using both passive (70 percent target) and active (30 percent target) strategies. The structure of the active portfolio will follow the general percentage breakout of the Russell 3000 Index between large and small capitalization and value and growth characteristics.

3. The non-U.S. segment of the Global Equity Portfolio is assumed to be more inefficient, allowing active management to add value. The target for the non-U.S. developed markets segment of the portfolio will be an equal amount of active management (50 percent) and passive management (50 percent) strategies.

4. Emerging markets segment will be utilized to enhance return and diversification and will be 100 percent actively managed, in accordance with the Global Equity Policy. This portfolio is benchmarked to an MSCI Emerging Markets Free Custom Index. The target allocation to emerging markets will be based on its weight in the overall benchmark (ACWI ex-U.S. Custom Investable Market Index).

5. More detailed information and standards about the asset class can be found in the CalSTRS Global Equity Investment Policy.

Fixed Income Structure

1. The Fixed Income Portfolio shall be comprised of investment grade and noninvestment grade securities, U.S. dollar based and non-U.S. dollar based securities. The portfolio will target 80 percent using an enhanced indexing strategy, while 20 percent will be externally actively managed using a broader universal fixed income and high-yield securities opportunity set. The internally managed portfolio will emphasize tracking the risk characteristics of the performance benchmark.

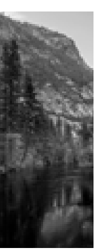
2. Short term fixed income/liquidity and cash securities, including the cash portion of equity portfolios, shall be managed internally with emphasis on safety and liquidity. The portfolio shall be comprised of investment grade securities, and other appropriate securities as approved in the policies and procedures.

3. More detailed information and standards for the asset class can be found in the CalSTRS Fixed Income Investment Policy.

Currency Management Structure

1. The Currency Management Program overlays CalSTRS total exposure to foreign currencies from the U.S. equity and the Real Estate portfolios. The program structure is approximately 80 percent internally managed, with a primary focus on defensive hedging in periods of a strong dollar, with opportunity for cross hedging to add value. External active currency overlay managers will be used for approximately 20 percent of the overall currency exposure. These managers may actively shift currency exposure to add value to the portfolio.

2. More detailed information about the program and structure can be found in the CalSTRS Currency Management Program Policy.



Private Equity Structure

1. The Private Equity Portfolio can include limited partnerships (and other limited liability vehicles), direct investments in general partnerships, co-investments, and secondary interests in the following market segments: Buyouts, Venture Capital, Debt Related, Core Private Equity, and Private Equity Special Mandates. The primary objective for the Private Equity Portfolio is to provide enhanced investment returns over those available in the public market.
2. Private Equity has substantial fees and costs; consequently, emphasis will be placed on negotiating, monitoring, and controlling the direct and indirect costs of each limited partnership investment.
3. More detailed information and standards for the asset class can be found in the CalSTRS Private Equity Investment Policy.

Real Estate Structure

1. The Real Estate Portfolio will be comprised of direct real estate investments, joint venture/value added investments, and commingled funds (opportunistic funds) with adopted targets of 60 percent to core, 20 percent value added, and 20 percent to higher-risk tactical investments. Leverage may be applied within the constraints set forth in the Real Estate investment policy.
2. To more closely align the interests of the plan sponsor and real estate manager, emphasis will be placed on negotiating, monitoring, and controlling the cash flow (both income and expense) associated with each property.
3. More detailed information and standards for the asset class can be found in the CalSTRS Real Estate Investment Policy.

Inflation Sensitive Structure

1. This asset class consists of several asset types that, when combined, should produce a relatively stable return stream, with a return level between equities and fixed income and an overall higher correlation to inflation than equity or fixed income. The initial portfolio was comprised global inflation linked bonds/securities and infrastructure investments. Additional investment areas and strategies have been added upon the Investment Committee’s approval.
2. Infrastructure investments are governed by the CalSTRS Infrastructure Investment Policy, initially adopted in July 2008.
3. More detailed information and standards for the asset class can be found in the CalSTRS Inflation Sensitive Investment Policy.

Innovative Strategies

1. These strategies will invest in a diversified portfolio of assets that generally fall outside of the traditional asset classes currently used by the board. The purpose is to provide the board with the opportunity to invest in a wide spectrum of investment opportunities that will be required to demonstrate success before committing larger dollar amounts to a specified strategy.
2. Discretionary separate account relationships may be entered into, subject to pre-approved investment guidelines. The Chief Investment Officer must approve any deviations from the approved guidelines. For this reason, investments shall be structured to facilitate alignment of interests between management and CalSTRS, management accountability, investment monitoring, and liquidity.
3. More detailed information and standards for these strategies can be found in the CalSTRS Innovation Portfolio Investment Policy.

Risk Mitigating Strategies (RMS) Structure

1. The purpose of RMS is to help diversify CalSTRS’ portfolio large exposure to global economic growth within the overall investment portfolio. This class will contain assets and investment strategies with structural aspects that provide improved diversification and potential protection in negative equity markets.
2. The investments exhibit a low to negative correlation to the Global Equity asset class. It is expected that during economic recessions and periods of negative global equity market returns, this asset class will provide diversification and produce a positive or less

negative relative return. Correspondingly, it is understood that in periods of strong economic growth and/or strong global equity returns, this asset class will exhibit a very low return to slightly negative return.

3. This class will consist of four core strategies; long-term U.S. Government Bonds, Trend Following, Global Marco, and Systematic Risk Premia. Because this class is a collection of diverse investments in total, it will not have a single benchmark, but rather an aggregate benchmark consisting of the individual benchmarks assigned to each core strategy. At the inception of the RMS class, the blended benchmark will be based on a dynamic weighting of each of the strategies. When all of the individual strategies achieve their target weights, the blended benchmark will utilize the target weights of each strategy.
4. More detailed information and standards for these strategies can be found in the CalSTRS RMS Policy.

Additional Investment Programs & Policies

CalSTRS also maintains programs and policy statements for the following additional investment programs:

1. California Investments
2. Securities Lending
3. Credit Enhancement
4. Member Home Loan Program
5. Divestment Policy
6. Pension2 Investment Policy
7. Responsible Contractor Policy

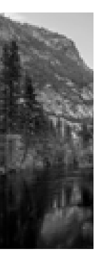
Additional information and standards for each can be found in their respective investment policies statements.

Valuation of Investments

1. CalSTRS Investment portfolio assets are to be priced, invested, administered and managed in a prudent manner for the sole benefit of its participants and beneficiaries, in accordance with the California Constitution, the Teacher's Retirement Law, and other applicable statutes.
2. CalSTRS seeks to value the assets of the Total Fund consistent with best practices and in alignment to policies set forth by CalSTRS Board of Trustees. The Investment branch shall establish processes by which pricing vendors are selected, prioritized and reviewed for such valuations and ensure these processes are followed through regular oversight.
3. CalSTRS considers a number of significant measures such as data accuracy, reliability, integration, and comprehensive coverage, when determining a pricing source hierarchy. Pricing vendors are selected, prioritized and reviewed for the most appropriate and accurate valuations.
4. CalSTRS performs reviews of the pricing source hierarchy, methodology, and tolerances for the purpose of evaluating reasonability of security valuation and to mitigate risk of mispriced investments relating to the Fund's assets. The pricing source hierarchy is implemented by the master custodian and the oversight is under the purview of the Director of Investment Operations.

Reporting

On at least a semi-annual basis, the investment office and the chief investment officer will prepare a comprehensive set of reports on the Investment program to include the asset allocation, movement of assets, cash flow, and the market value and changes to each asset class. Semi-annually, the general consultant and CIO will preview and present the investment performance of the CalSTRS' investment portfolio.



Approved July 2002

Revised Capital Market Assumptions December 2002

Revised Asset Allocation Plan November 2003

Revised November 2003

Revised December 2003

Revised December 2005

Revised Capital Market Assumptions February 2006

Revised June and July 2006

Revised for new asset allocation targets September 2006

Revised for new asset allocation targets September 2007

Revised for new Asset Allocation targets and ESG Policy July 2008

Revised to add 21st Risk Factor for Human Health to the ESG Policy, Attachment A, September 2008

Expand Asset class ranges, November 2008

Revised asset allocation targets, March 2009

Revised for New Asset Allocation targets, August 2009

Revised for Asset Allocation targets, July 2010

Revised for new Asset Allocation targets and to change the name of the Absolute Return Asset class to Inflation Sensitive, July 2011

Revised to create the Overlay Asset Class, April 2012

Revised for new Asset Allocation ranges, Absolute Return Asset Class, and Benchmark adjustments, September 2013

Revised for Global Equity, Inflation Sensitive, Real Estate and Private Equity Benchmarks and updated language for Global Equity Policy, November 2014

Revised for the new 2015 Asset Allocation mix and inclusion of the new Risk Mitigating Strategies Asset Class which will replace the Absolute Return Asset Class April 2016

Revised for new Asset Allocation targets, Valuation Statement and to reflect the new Innovative Strategies July 2016

Revised for to update equity benchmark and Asset Allocation ranges effective January 1, 2017 November 2016

Revised for new Asset Allocation targets effective June 30, 2017, June 2017

Revised for housekeeping and to match the Asset Class Policy changes approved in FY 16-17, July 2017

Revised for new interim Asset Allocation targets effective January 1, 2018, November 2017

Revised to reference Investment Beliefs and update asset allocation process, September 20, 2018

Attachment A:

Investment Policy for Mitigating Environmental, Social, and Governance Risks (ESG)

Policy

The fiduciary responsibility of the board, as described in detail within the overall Investment Policy and Management Plan, is to discharge its responsibility in the sole and exclusive interest of the participants and beneficiaries and will assure the prompt delivery of benefits and related services.

CalSTRS invests a multi-billion dollar fund in a unique and complex social-economic milieu and recognizes it can neither operate nor invest in a vacuum. As a significant investor with a very long-term investment horizon, the success of CalSTRS is linked to global economic growth and prosperity. The System's investments impact other facets of the global economy, and actions and activities that detract from the likelihood and potential of global growth are not in the long-term interests of the Fund.

Consistent with its fiduciary responsibilities to CalSTRS members, the board has an obligation to ensure that the corporations and entities in which CalSTRS invests strive for long-term sustainability in their operations. Managers of our investments who do not strive for sustainability jeopardize achieving the long-term expected rate of return we expect. Therefore, CalSTRS incorporates ESG considerations into its analysis of the riskiness of its investment decisions and its ownership policies and practices, to the extent that ESG factors are material to the long-term success of an investment.

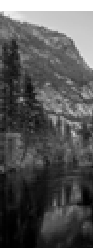
Since CalSTRS is a long-term investor and may hold an investment in a corporation or entity for many decades, short-term gains at the expense of long-term gains are not in the best interest of the Fund. Sustainable returns over long periods are in the economic interest of the Fund. Conversely, unsustainable practices that hurt long-term profits are risks to the System.

Since CalSTRS must invest huge sums of moneys for long periods of time to pay for future benefits promised to California Teachers, our decision to invest in corporations and other entities predominately reflects a judgment that the ownership will produce a sustainable rate of return which will make it an attractive investment and help CalSTRS meet its long-term obligations. It is important to note that CalSTRS ownership of a security in a company does not signify that CalSTRS approves of all of the company's practices or its products or that CalSTRS believes a particular company is an attractive investment since the security may be owned due to its membership in a particular index. CalSTRS utilizes "index" investing due to its low cost and efficient structure. These "index" investments are broadly diversified and composed of thousands of individual companies.

Since 1978, CalSTRS has used a written policy, the Statement of Investment Responsibility (SIR), to navigate the complex landscape of ESG issues. The long history of this document is testimony to the national leadership of CalSTRS among pension funds in addressing ESG matters through a written policy. The SIR will continue to guide CalSTRS proxy voting; however this ESG Policy is CalSTRS' preeminent policy on ESG matters and will guide active investment decisions and passive index strategy engagements.

Procedures

To help manage the risk of investing a global portfolio in a complex governance environment, CalSTRS has developed a series of procedures to follow when faced with any major environmental, social or governance issue as identified by the ESG risk factors.



When faced with a decision or other activity that potentially violates CalSTRS ESG Policy; the Investment Staff, CIO and Investment Committee will undertake the following actions:

A. The CIO will assess the potential ESG Policy violation both as an ESG risk and as an impact to the System. The extent of the responsibility of the System to devote resources to address these issues will be determined by: 1) the size of the investment, and 2) the gravity of the violation of CalSTRS Policies.

B. At the CIO's direction, the Investment Staff will directly engage corporate management or other appropriate parties to seek information and understanding concerning the ESG Policy violation and its ramifications on the System.

C. The CIO and Investment Staff will provide a report to the Investment Committee of the findings associated with an ESG Policy violation engagement and recommend any further action of engagement or need to commit further System resources. The Investment Committee can marshal further resources given the gravity of the situation.

To assist CalSTRS Staff and external investment managers in their investment analysis and decision-making, CalSTRS has developed a list of ESG risk factors that should be considered as part of the financial analysis of any active investment decision. For passive index strategies, CalSTRS uses the ESG risk factors to guide engagement activities. This ESG list is not exhaustive and does not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; however, they do provide a framework of other factors that might be overlooked. These risk factors should be reviewed for any CalSTRS investment or engagement in any asset class.

CalSTRS expects all investment managers, both internal and external, to assess the risk of each of the following factors when making an active investment. The manager needs to balance the rate of return with all the risks including consideration of the specific investments exposure to each factor in each country in which that investment or company operates.

CalSTRS ESG Risk Factors

Monetary Transparency

The investment's long-term profitability by whether or not a country or company has free and open monetary and financial data, and its observance of applicable laws.

Data Dissemination

The investment's long-term profitability by whether or not a country is a member of the IMF (or similar organization) and satisfies the conditions for access, integrity, and quality for most data categories.

Accounting

The investment's long-term profitability by whether or not the accounting standards are formulated in accordance with International Accounting Standards or the U.S. Generally Accepted Accounting Principles.

Payment System: Central Bank

The investment's long-term profitability by whether the activities of a country's central bank encompass implementing and ensuring compliance with principles and standards which are established to promote safe, sound, and efficient payment and settlement systems.

Securities Regulation

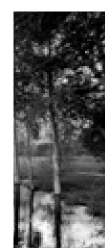
The investment's long-term profitability by exposure to operations in countries that have not complied with IOSCO objectives, which provide investor protection against manipulation and fraudulent practices.

Auditing

The investment's long-term profitability by whether or not the country uses International Standards on Auditing in setting national standards.

Fiscal Transparency

The investment's long-term profitability by its exposure or business operations in countries that do not have some level of fiscal transparency such as publication of financial statistics, sound standards for budgeting, accounting, and reporting.



Corporate Governance
The investment's long-term profitability by whether or not the government recognizes and supports good corporate governance practices and whether it generally adheres to OECD principles.

Banking Supervision
The investment's long-term profitability from its exposure to countries that have not endorsed/complied with the Basel Core Principles. An endorsement includes an agreement to review supervisory arrangements against the principles and bring legislation in line with the principles where necessary.

Payment System: Principles
The investment's long-term profitability by whether a country complies with the 10 Core Principles for Systemically Important Payment Systems, which includes operational reliability, efficiency, real time settlement, final settlement in central bank money; and whether rules and procedures are clear and permit participants to understand the financial risks resulting from participation in the system.

Insolvency Framework
The investment's long-term profitability from its business operations and activities in specific countries with regard to bankruptcy reform or insolvency legislation.

Money Laundering
The investment's long-term profitability from exposure and whether or not a country has implemented an anti-money laundering regime in line with international standards; consideration should be given to compliance with the 40 recommendations in the Financial Action Task Force (FATF) on Money Laundering; and whether it is a member of FATF.

Insurance Supervision
The investment's long-term profitability from whether or not a country has a regulatory framework in line with International Association of Insurance Supervisors (IAIS) Principles.

Respect for Human Rights
The investment's long-term profitability from its business operations and activities in countries that lack or have a weak judicial system. Assess the risk to an investment's long-term profitability from its business operations and activities in a country that engages in or facilitates the following: arbitrary or unlawful deprivation of life, disappearance, torture and other cruel, inhuman, or degrading treatment or punishment, arbitrary arrest, detention, or exile, arbitrary interference with privacy, family, home, or correspondence, use of excessive force and violations of humanitarian law in internal conflicts. Consideration should be given to governmental attitude regarding international and non-governmental investigation of alleged violations of human rights.

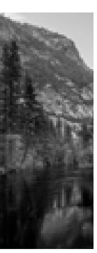
Respect for Civil Liberties
The investment's long-term profitability from operations, activities, and business practices in countries or regions that do not allow freedom of speech and press, freedom of peaceful assembly and association, freedom of religion, freedom of movement within the country, allowance for foreign travel, emigration, and repatriation.

Respect for Cultural and Ethnic Identities
The investment's long-term profitability from operations, activities, and business practices that do not adequately respect cultural values and ethnic identities.

Respect for Property Rights
The investment's long-term profitability from operations, activities, and business practices that dispossesses or degrades peoples' lands, territories, or resources, or does not adequately respect established property rights.

Respect for Political Rights
The investment's long-term profitability from business practices and activities in countries that do not allow their citizens the right to advocate for change to their government.

Discrimination Based on Race, Sex, Disability, Language, or Social Status
The investment's long-term profitability from business practices and activities on discrimination, such as discrimination against women, children, and persons with disabilities, national/racial/ethnic minorities, or indigenous people.



Worker Rights

The investment's long-term profitability from management and practices globally in the area of worker's rights; specifically the right of association, the right to organize and bargain collectively, prohibition of forced or bonded labor, status of child labor practices and minimum age for employment, acceptable work conditions, or human trafficking.

Environmental

The investment's long-term profitability from activities and exposure to environmental matters such as depleting or reducing air quality, water quality, land protection and usage, without regard for remediation.

Climate Change

The investment's long-term profitability from inadequate attention to the impacts of climate change, including attention to relevant climate policy considerations and emerging climate risk mitigating technologies.

Resource Efficiency

The investment's long-term profitability from inadequately managing resource usage in a resource-constrained environment amid growing resource demand.

War/Conflicts/Acts of Terrorism

The investment's long-term profitability from business exposure to a country or region that has an internal or external conflict, war, acts of terrorism or involvement in acts of terrorism, and whether the country is a party to international conventions and protocols.

Human Health

The investment's long-term profitability from business exposure to an industry or company that makes a product which is highly detrimental to human health so that it draws significant product liability lawsuits, government regulation, United Nations sanctions and focus, and avoidance by other institutional investors.

Investment Resolution

WHEREAS, the Electorate of the State of California in November, 1992 amended Section 17 of Article XVI of the State Constitution by approval of Proposition 162; and

WHEREAS, the Teachers' Retirement Board embraces the concepts of the revised Section 17 of Article XVI of the State Constitution, which states that the Retirement System shall have sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system; and

WHEREAS, the Teachers' Retirement Board has approved the Investment Plan which provides for wider diversification of the System's investment assets; and

WHEREAS, the Teachers' Retirement Board on the advice of its consulting actuary and the pension fund consultant has adopted the objective of achieving a long term annualized investment return of 3.50% in excess of the rate of inflation; and

WHEREAS, in the exercise of its fiduciary responsibilities the Board has considered and approved various classes of investments for the Teachers' Retirement Fund; therefore it is

RESOLVED, that the following investment classes are authorized if deemed prudent at the time of purchase:

Fixed Income Securities
Fixed Income investments as authorized by the Investment Management Plan and Fixed Income Policies and Guidelines and as authorized by the Investment Committee.

Equity Securities
Equity investments as authorized by the Investment Management Plan and Equity Policies and Guidelines and as authorized by the Investment Committee.

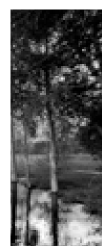
Real Estate
Real Property investments as authorized by the Investment Management Plan and Real Estate Policies and Procedures and as authorized by the Investment Committee.

Private Equity
Limited partnership investments in equity of fixed income securities as defined in the Private Equity Policies and Procedures and as authorized by the Investment Committee.

Inflation Sensitive
Inflation linked fixed income securities and Infrastructure investments as defined by the Infrastructure Policy and Procedures, and as authorized by the Investment Committee.

Risk Mitigating Strategies
Investments as authorized by the Investment Policy and Management Plan and the Risk Mitigating Strategies Policies, Procedures, and Guidelines.

Other Investments
Purchase of other types of investments may be made only with advance approval of the Investment Committee of the Teachers' Retirement Board.



Advance approval of the Investment Committee or its designates may be obtained by authorization for individual securities, or for a particular class of investments, or for specified investment managers of the Teachers' Retirement Fund.

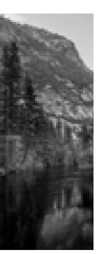
RESOLVED further that all investments shall be made with the standards of care, skill, prudence and diligence prescribed in the revised Section 17 of Article XVI of the State Constitution. These tests will involve, importantly, full consideration of proper diversification of investments, adequacy of reliable information for analysis of investments, and suitability for the requirements of the Teachers' Retirement Fund. The Board endorses the principle that prudency of individual investments shall be judged in the context of the total Retirement Fund portfolio;

RESOLVED further, that cash reserves of the System are to be managed for the safety and convenience of the Teachers' Retirement Fund, in investments which are considered to be prudent money market instruments by internal investment managers;

RESOLVED further, that the services of at least one external independent organization (performance evaluator) will be retained to assess the investment results of portfolio managers and to compare such results with those of similarly situated institutions and such other standards of measurement as the Investment Committee deems appropriate;

RESOLVED further, that investments now held which no longer qualify for purchase under this Resolution may be retained if qualified under the Resolutions existing at their respective dates of acquisition;

RESOLVED further, that this Investment Resolution rescinds and replaces all previously adopted Investment Resolutions.



Adopted by the Teachers' Retirement Board on October 19, 1984

Revised to include foreign issuers within the S&P 500 Stock Index on April 19, 1985

Revised to reflect legislation prohibiting investment within South Africa on December 19, 1986

Revised to reflect passage of Proposition 162 and implementation of Global Tactical Asset Allocation Program on September 9, 1993

Revised to remove reference to South Africa investment restriction on May 11, 1994

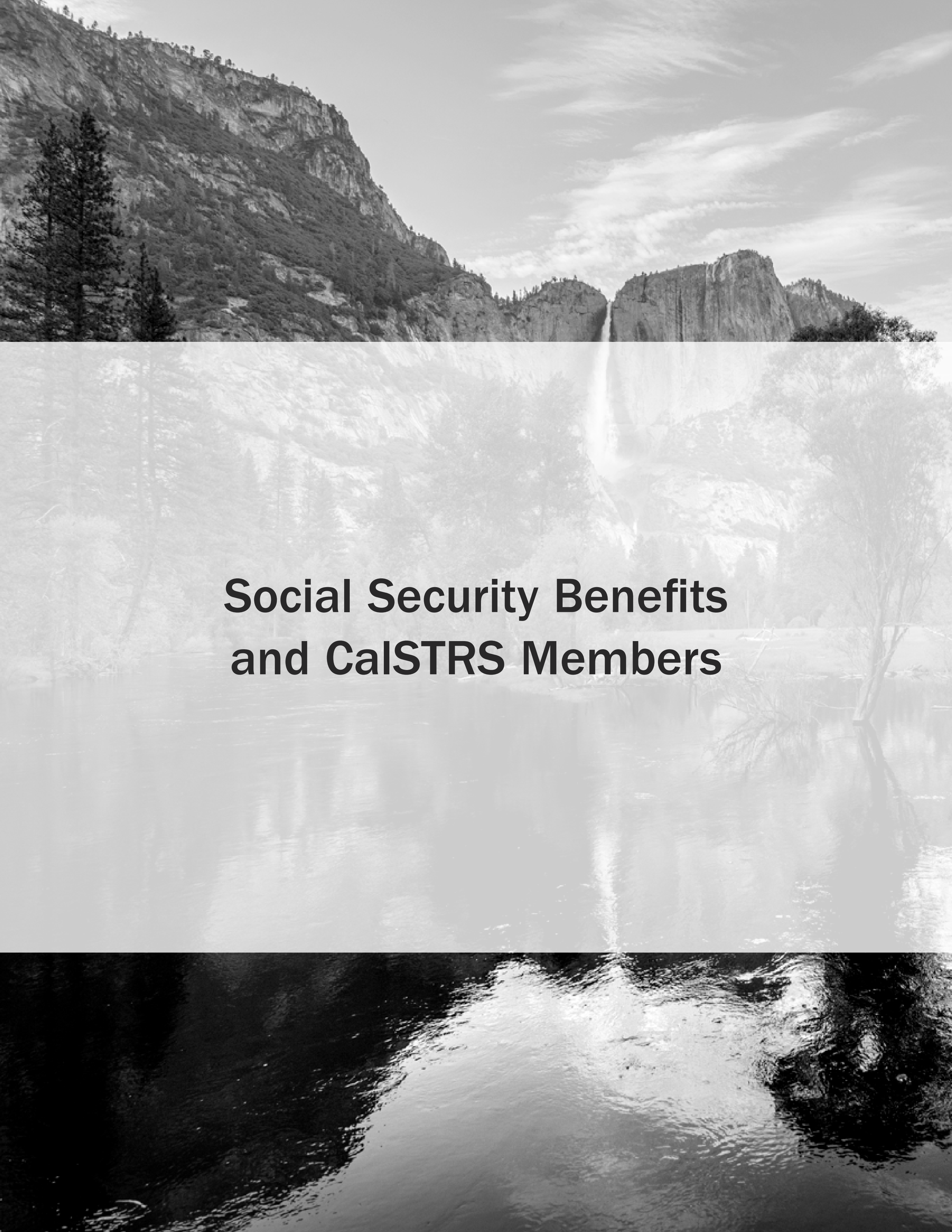
Revised to incorporate changes to the Investment Policy and Management Plan and individual asset class policies on July 10, 2002

Revised to broaden Fixed Income and Equity reference on July 10, 2008

Revised to include Fixed Asset class, August 13, 2009

Revised to change the name of the "Fixed Asset" class to Inflation Sensitive, July 7, 2011

Revised to incorporate the Risk Mitigating Asset Class, April 2016



Social Security Benefits and CalSTRS Members

Social Security Benefits and CalSTRS Members

Introduction

Social Security is a broad-based social insurance program administered by the federal government designed to protect workers and their dependents against poverty in the event of declining income due to retirement, disability or death. To achieve this, Social Security redistributes income from workers who have higher lifetime earnings to those who have lower earnings, from people who have no dependents to those who have dependents, from unmarried wage earners and two-earner couples to one-earner couples, and from those with shorter life spans to those who live longer. In 2017, Social Security paid retirement, survivor and disability benefits to approximately 62 million people.

Although changes have been made over the years to improve Social Security benefits, Social Security was never intended to meet all of a worker's financial needs. Rather, it was intended to supplement a worker's private pension and personal savings.

California public school educators do not pay into Social Security, so they do not receive Social Security benefits for their CalSTRS-covered employment. CalSTRS members represent the largest single group of state and local government employees in the country who do not participate in the Social Security program.

History

1935

Social Security was established as a modest retirement system for employees of private industry as the Old Age and Survivors Insurance program. State and local government employees were excluded from coverage when Congress passed the Social Security Act because there was a question as to whether the federal government had the constitutional authority to levy the employer portion of the Social Security tax on state and local governments.

1950

Social Security was amended to allow public employees not in positions covered by a state or local retirement system to be given the option of joining Social Security. Some states overcame this restriction by dissolving the existing retirement system, obtaining Social Security coverage for their jurisdiction's public employees, and then reinstating the retirement system with either the same or revised provisions.

1954

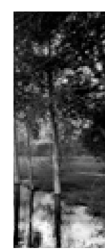
Social Security was amended to make coverage voluntary to public employees even if they were covered by a state plan. The choice was up to the states, subject to a majority vote of the members of the plan. If Social Security coverage was elected, all current and future employees would be covered.

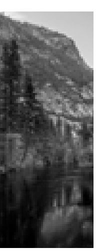
1956

With the condition that all newly hired employees were automatically covered, Social Security was amended to allow coverage to be extended to current employees who wanted the coverage, while those who did not could be excluded. This provision was eventually extended to 20 states, including California. State legislation was passed for school classified and state employees to be covered under this provision in 1959 and 1961, respectively.

As part of an overall study of survivor benefits, the California Teachers Association surveyed its membership to gauge interest in either pursuing legislation to establish survivor benefits through CalSTRS or joining Social Security. Members voted 4 to 1 in support of seeking the establishment of a survivor benefits program through CalSTRS rather than joining Social Security.

Also in 1956, the Disability Insurance program was added to provide income to disabled workers. The program has since been referred to as the Old-Age, Survivors, and Disability Insurance program.





1965
Title XVIII, "Health Insurance for the Aged," of the Social Security Act created the Medicare program, which established medical coverage for persons age 65 and older.

1977
Legislation was passed establishing the Government Pension Offset, which reduces Social Security spousal benefits under certain circumstances if the individual receives a pension based on employment not covered by Social Security. The offset became effective in 1982 and applied only if the spouse was not yet eligible for retirement as of that date.

1983
Legislation was passed establishing the Windfall Elimination Provision. This provided an alternate calculation, resulting in a lower Social Security benefit for retirees who worked in employment not covered by Social Security yet had other jobs where they paid Social Security taxes long enough to become eligible for benefits.

1985
Mandatory Medicare for new hires of state and local governments became law as part of the Consolidated Omnibus Budget Reconciliation Act of 1985. All new hires in California public schools on or after April 1, 1986, are subject to a payroll tax equal to 1.45 percent of salary, and in return, they can earn coverage by Medicare.

1986
The Tax Reform Act of 1986 made extensive amendments to Internal Revenue Code section 401 concerning the integration of qualified retirement plans with Social Security, including modifications to the general plan nondiscrimination requirements, which subjected plans to complex Internal Revenue Service regulations.

1988
As a result of congressional consideration of mandatory Social Security for new hires, Chapter 743 (AB 147 – Elder) was enacted, which required CalSTRS to develop and submit to the Legislature an actuarially sound and funded alternative retirement plan that, when coupled with Social Security, would provide CalSTRS members with adequate retirement benefits. The resulting report to the California Legislature, dated March 1, 1989, presented four alternative retirement plan designs.

1989
State legislation made it optional for public school employers to hold elections for Medicare coverage for active employees hired before April 1, 1986. Individual employees could choose Medicare coverage if their employer offered the election. The effective date of the Medicare coverage could not be earlier than January 1, 1989.

1997
A Social Security Advisory Council of 13 members with diverse views recruited from business, labor, and think tanks reported on the current state and the future of Social Security. The council recommended that all newly hired state and local government workers should be required to pay into Social Security. It was estimated that mandating Social Security coverage for new hires would raise about $16.3 billion over a five-year period.

2004
Effective January 1, 2005, public employers not covered by Social Security must convey the effect of WEP and GPO to employees hired on or after January 1, 2005. The law requires newly hired public employees to sign a statement that they are aware of a possible reduction in their future Social Security benefit entitlement. Employers are required to provide a copy of the statement to CalSTRS.

Social Security Benefits
Social Security benefits are funded by payroll taxes collected from the salary earned by covered workers. Most, but not all, workers and their employers each pay a tax of 6.2 percent of the worker's employment earnings, up to a specified amount of earnings, which in 2019 is $132,900. Self-employed individuals pay both the worker and employer shares of the payroll tax for a total tax of 12.4 percent of earnings. With the payroll taxes collected, the federal government pays Social Security benefits to workers who retire or become disabled and to dependents of retired, disabled, and deceased workers.

In order to be entitled to Social Security benefits, a worker must have earned a minimum number of credits, generally 40 (equivalent to 10 years). A worker cannot earn more than four credits in any calendar year. The amount of earnings required to earn one credit in 2019 is $1,360, and four credits would be earned with wages of $5,440 in the year. The amount required to earn a credit is subject to annual increase based on wage inflation.

Exclusions From Coverage

Social Security estimates that 94 percent of workers in 2017 were covered under the system. All private sector employment is covered by Social Security, and public sector work in most states is now covered by Social Security. However, in some states (including California), neither workers nor employers pay the Social Security payroll tax on salary earned from certain state and local government employment.

According to the National Association of State Retirement Administrators' 2016 Public Fund Survey, approximately 25 percent of state and local employees and nearly half of teachers in the U.S., including all CalSTRS members, do not participate in Social Security. The earnings from this government employment are not included in the determination of Social Security benefits for these workers.

However, many of these public employees are eligible for Social Security benefits because they had other employment that was covered by Social Security or as the spouse or widow(er) of a worker who was covered by Social Security.

Differences Between Social Security and CalSTRS

Design

There are fundamental differences between pension benefits provided by many public and private employers and Social Security benefits provided by the federal government. A pension represents an agreement between the employer and employee. The benefit is earned by virtue of employment with the entity, which agrees to provide benefits in exchange for the services of the employee. In contrast, Social Security benefits are not earned through any particular employment agreement. They represent a promise from the federal government to help workers ensure their financial security in their postemployment years. This promise is made in exchange for the Social Security payroll tax workers pay.

Funding

Social Security operates largely on a pay-as-you-go basis. The federal government pays Social Security benefits using the payroll tax collected from the salaries earned by individuals working at that time. Funds are not maintained in individual accounts for each worker, but are held by the federal government.

In contrast, CalSTRS benefits are funded as they are earned by contributions from members, employers and the state. At retirement, those contributions, along with investment returns, fund the member's lifetime benefit. Members who terminate employment can alternatively request a lump-sum return of their own contributions with interest.

Benefits

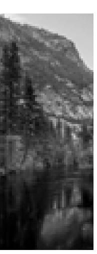
The formula used by Social Security to determine benefits protects against poverty by replacing lower income earners' salaries at a higher rate. Thirty-five years of earnings are averaged to determine the worker's average indexed monthly earnings. If the worker paid the Social Security tax for fewer than 35 years, annual earnings of zero are included for those years. The Social Security benefit is calculated using a series of "bend points" that apply a higher wage replacement ratio to the lowest earnings. The bend points are established each year based on a worker's age. The full retirement age under Social Security for persons who attain age 62 in 2019 is 67. Benefits are reduced permanently when a worker retires at an age younger than full retirement age, and the earliest a person can start receiving Social Security retirement benefits is age 62. A worker's Social Security benefit will continue to increase as long as the worker does not claim benefits, with the maximum benefit at age 70.

In contrast, CalSTRS, as well as most private or public defined benefit plans determine an employee's pension based on an individual's age and years of service with the employer and the employee's final average salary. The longer an employee works for the specific entity and the higher the salary he or she earns, the higher the pension benefit is likely to be.

Social Security benefits can also be paid to a spouse, former spouse or widow(er) of a worker who was covered under Social Security. As a social insurance program, Social Security pays an additional benefit if the spouse of a worker is financially dependent on the worker. These benefits are intended to provide income for persons who have little or no pension from their own employment, and the benefits in such instances are based on the more highly paid worker's earnings from covered employment.

The spousal benefit is equal to 50 percent of the worker's Social Security benefit while they are both living. If the worker predeceases the spouse, the dependent surviving spouse would receive 100 percent of the worker's benefit. If the spouse also qualifies for a Social Security benefit based on his or her own earnings, the spouse receives the greater of a benefit based on his or her own Social Security earnings record or the spousal benefit, but not both. Social Security spousal or dependent benefits are paid to specific persons defined by law, not subject to the choice of the covered worker.

CalSTRS also offers benefits for surviving spouses and eligible dependents if a member dies before retirement. No spousal or beneficiary support is provided while the member is living. When eligible for retirement, CalSTRS members may also choose from a number of joint and survivor options that will provide one or more named beneficiaries with a monthly lifetime benefit after the member's death, in exchange for a reduced benefit.



Reductions in Social Security Benefits for CalSTRS Members

There are two offset provisions in the Social Security Act that may reduce or eliminate a CalSTRS member's expected Social Security benefit. They are known as the Windfall Elimination Provision and the Government Pension Offset.

Windfall Elimination Provision

The Windfall Elimination Provision (WEP) was enacted in 1983 to reduce the advantage previously realized by individuals who worked in jobs not covered by Social Security. Public employees with years of employment not covered by Social Security will have lower average earnings, as calculated by Social Security, than they actually earned in their full careers. Earnings under public employment not covered by Social Security are calculated as zero earnings, which artificially reduces the average indexed monthly earnings over a career. Prior to 1983, the Social Security formula computed benefits for these individuals as if they were long-term, low-wage workers, which resulted in these workers receiving a higher wage replacement ratio than they would have received if all of their employment had been covered by Social Security. For this reason, federal law reduces the Social Security benefits paid to many people who also receive a pension from employment that was not covered by Social Security.

The WEP is applied to the Social Security benefits of individuals who reach age 62 after 1985 and who are eligible for a public pension. When the WEP is applied, a modified formula is used to compute benefits and reduce the previous advantage, thereby recognizing the fact that the individuals are not actually long-term, low-wage workers. Rather, for a portion of their working years these individuals did not pay the Social Security payroll tax on the salary they earned because their employment was not subject to Social Security coverage.

When the WEP is applied in determining Social Security benefits, the first tier percentage used in figuring a worker's benefit is reduced from 90 percent to 40 percent. Consider the following example of a worker whose average earnings from Social Security-covered employment were $3,200. Before the WEP is applied, the benefit would have been $1,561. However, after including the WEP in determining benefits, his or her benefit would have been reduced to $1,098. The benefits for these two scenarios are computed as follows:

Benefit Without the WEP

90% of	$926	= $833
32% of	$2,274	= $728
15% of	$0	= $0.00
		$1,561

Benefit With the WEP

40% of	$926	= $370
32% of	$2,274	= $728
15% of	$0	= $0.00
		$1,098

As this example illustrates, as long as a worker's average salary was at least $926, monthly Social Security benefits are reduced by $463 at full retirement age because the reduction appears in the first tier of the formula.

There are some exceptions to the WEP. A worker is exempt from the provision if he or she has 30 or more years of "substantial earnings" under Social Security. The amount of wages a worker must earn in a year to meet the threshold for substantial earnings is adjusted annually. In 1985, a worker needed to earn $7,425 to have substantial earnings, but in 2019, a worker must earn $24,675.

For workers who have between 21 and 30 years of substantial earnings, there is a graded application of the WEP. That is, the 90 percent factor in the first tier of the Social Security benefit formula is reduced on a sliding scale depending on the worker's years of substantial earnings. For a worker with 21 years of substantial earnings, the first tier percentage is 45 percent, rather than 40 percent. The first tier percentage increases by 5 percentage points for each additional year of substantial earnings, until the first tier percentage for a worker with 30 or more years of substantial earnings is 90 percent.

Regardless, the benefit reduction under the WEP cannot be more than one-half of the worker's pension benefit from the noncovered employment. If an individual is receiving a benefit of only $250 per month from CalSTRS, Social Security benefits may only be reduced by $125 (one-half of $250). The WEP does not reduce CalSTRS benefit payments.

Government Pension Offset

The Social Security benefit paid to a worker is based on the worker's earnings in covered employment. As a social insurance program, Social Security pays an additional benefit if the spouse of a worker is financially dependent on the worker. The additional benefit is equal to 50 percent of the higher wage earner's Social Security benefit, and 100 percent of the higher benefit upon the worker's death.

A spouse or surviving spouse can receive the equivalent of a Social Security benefit based on his or her own earnings record or the earnings record of a spouse, whichever provides a higher benefit, but cannot receive full benefits based on both earnings records. Before the enactment of the Government Pension Offset (GPO), many government employees received Social Security benefits based on their spouse's earnings, even though they were entitled to benefits based on their own noncovered government employment and were not financially dependent on a spouse. In this respect, spouses were treated differently based on whether they received a government pension or a Social Security benefit for their own work, with government workers who receive a pension having a greater advantage. In this way, the GPO maintains Social Security's integrity as a poverty mitigation program.

In 1977, the GPO was enacted to ensure that spousal and widow(er) benefits under Social Security would be paid only to individuals who are (or were) financially dependent on their spouses. Those who work long enough in noncovered employment to earn a pension of their own may not meet Social Security's limited career criterion. For these individuals, the modified benefit formula used under the GPO reduces the amount of Social Security benefits they are eligible to receive.

In 1977, the Social Security Act provided that Social Security benefits payable to a spouse or widow(er) would be reduced dollar-for-dollar by the amount of any government pension he or she received based on his or her own government employment if that employment had not been covered by Social Security. This offset was changed in 1983 from a full reduction to a reduction that is two-thirds of the amount of the government pension for individuals who first became eligible for a public pension in 1983 or later. Theoretically, the GPO helps keep benefits provided to spouses and widow(er)s who also receive government pensions consistent with the benefits provided to spouses and widow(er)s who worked under Social Security-covered positions.

Because both Social Security and CalSTRS may provide annual benefit adjustments, the Social Security benefit is recalculated every year. The following are some examples of how the GPO may affect CalSTRS benefit recipients:

Example A:
CalSTRS member's pension = $1,500

CalSTRS member's Social Security Spousal Benefit = $1,000

GPO considers 2/3 of CalSTRS member's pension
2/3 x $1,500 = $1,000

The GPO is subtracted from CalSTRS member's Social Security Spousal Benefit as follows:
$1,000 – $1,000 = $0

After the GPO, CalSTRS member would not receive Social Security Spousal Benefit.

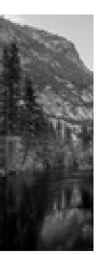
Example B:
CalSTRS member's pension = $1,500

CalSTRS member's
Social Security Spousal Benefit = $1,200

GPO considers 2/3 of CalSTRS member's pension
2/3 x $1,500 = $1,000

The CalSTRS member would receive the following Social Security Spousal Benefit:
$1,200 – $1,000 = $200.

As shown in these examples, the GPO is meant to more closely mirror the rules regarding spousal benefits for workers with their own Social Security benefit or with no benefits at all. In these examples, those individuals would not receive any benefits and only receive spousal benefits if they have no benefits or a smaller benefit than their spouse. In contrast, CalSTRS members still receive some of their Social Security spousal benefit if their spousal benefit is more than two-thirds of their own benefit amount.



Implications of the Two Offsets

Both the WEP and the GPO are intended to avoid what is perceived as an excessive Social Security benefit that would otherwise be paid to individuals who are receiving a pension from public service, such as California public education, that was not covered by Social Security. Although the intent of the two offsets is understandable, it is not clear that the specific reductions appropriately reduce the benefit on an individual basis. CalSTRS' analysis of the offsets indicates one of the weaknesses of the WEP is that the adjustment made to the Social Security benefit effectively assumed that a person was working under noncovered employment in any year in which no covered wages were paid. However, CalSTRS members may experience years with no compensation at all, such as when a member takes time off to raise a family.

In addition, because noncovered employment could affect future Social Security benefits, the offsets may be an impediment to recruitment to the teaching profession for some individuals. CalSTRS is continually working to improve outreach efforts to educate members about the Social Security provisions. Since 2005, federal law requires all new public educators to sign a document that explains the two offsets. Members may not avoid the GPO and WEP by taking a refund because Social Security can apply the offsets to those eligible for a pension benefit even if they took a refund.

The Teachers' Retirement Board has expressed its concern regarding the impact of the WEP and the GPO on members who may be relying on a Social Security benefit in retirement. The board submitted testimony to the Senate Committee on Finance's Subcommittee on Social Security, Pensions and Family Policy in November 2007 and to the House Ways and Means Committee's Subcommittee on Social Security in January 2008 on the negative impact of these offsets to CalSTRS members. The board also provided written testimony to the Subcommittee on Social Security, for its March 2016 hearing on Social Security and Public Servants: Ensuring Equal Treatment. Further, the board has historically supported the California Legislature's joint resolutions requesting that Congress pass and the President sign federal legislation that would repeal the WEP and GPO.

Mandatory Social Security

Mandating that all new state and local government employees—including CalSTRS-covered employees—pay Social Security taxes has been suggested as a means to improve the fiscal health of Social Security by increasing the resources available to pay benefits. The enactment of such a proposal, however, would have a major fiscal impact on new California teachers, employers, and CalSTRS. In 2018–19, members contribute either 10.205 or 10.25 percent and employers 16.28 percent of pay to fund benefits under the DB program. If Social Security were mandated for CalSTRS members, there would be an additional burden of 6.2 percent of payroll to both California teachers and their employers, resulting in a total required contribution rate of nearly 39 percent of payroll based on current contribution rates. School district administrators have indicated that a serious reduction in education services would be necessary in order to address the increased costs of mandatory Social Security coverage.

Mandatory Social Security coverage for new teachers could also necessitate the closure of the current CalSTRS DB Program to new members and the enactment of a lower benefit program that complements Social Security. The CalSTRS DB Program is designed as an independent program with a retirement benefit plus ancillary disability and survivor benefits. At retirement, career educators can expect to have approximately half of their salary replaced by their DB pension. If Social Security were provided alongside the current DB Program, an overlap of disability and survivor benefits and a higher combined retirement benefit could result.

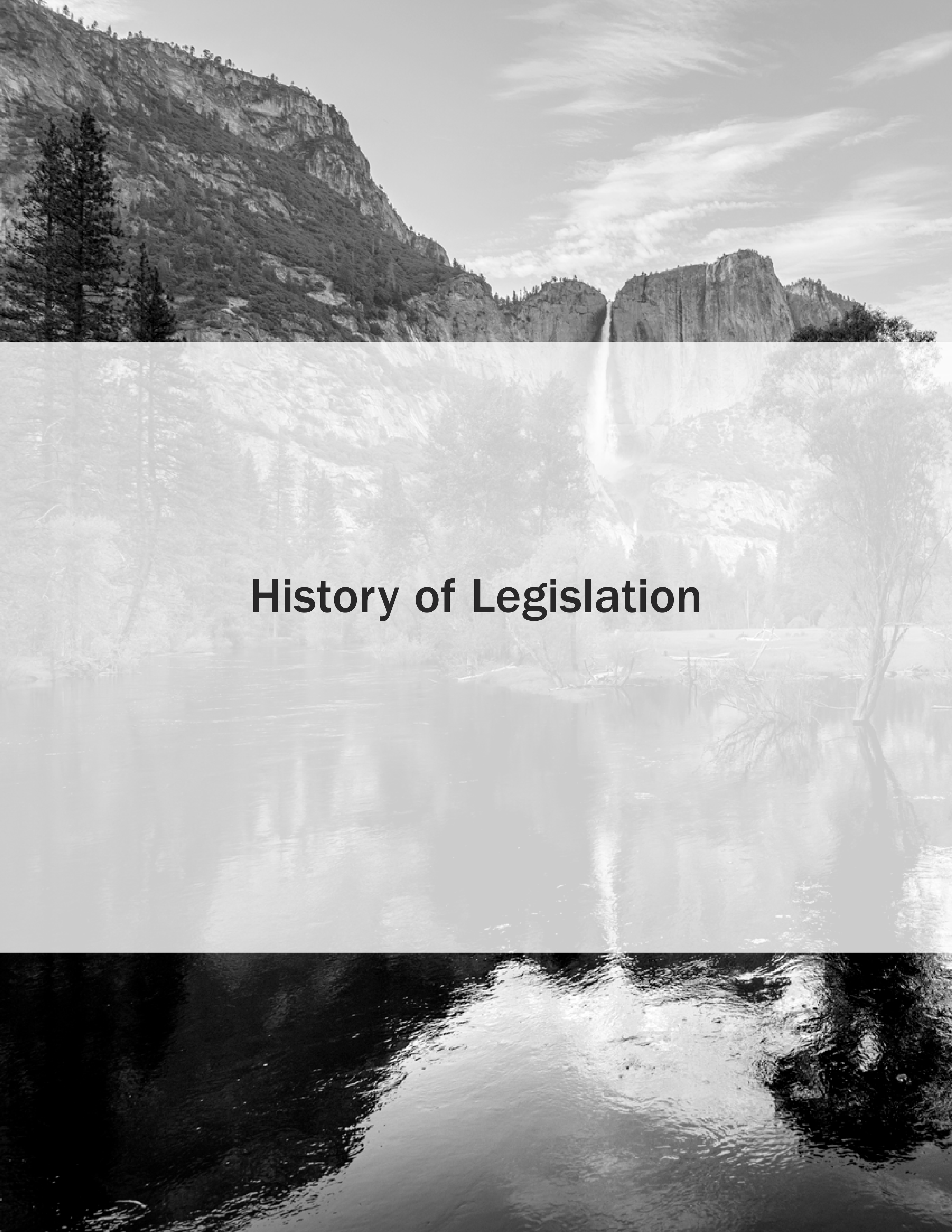
In January 2014, CalSTRS' consulting actuary estimated the impact of mandating Social Security on California public schools and CalSTRS. The actuary considered two approaches—Level Benefit and Level Cost—to reduce DB Program benefits to complement a Social Security tax.

Under the Level Benefit approach, the member would ultimately receive the same overall benefit amount at retirement, but the member's benefit from CalSTRS would be reduced to offset the value of the Social Security benefit received. This approach results in a net cost increase of 6.63 percent of earned salaries, primarily because the Social Security tax rate outweighs the cost reduction from the restructured DB Program.

Under the Level Cost approach, the total cost of the modified DB Program plus Social Security would be equivalent to the program's current cost for new members. The consulting actuary's analysis concluded that, in order to keep total CalSTRS and Social Security costs at the same level as the current CalSTRS benefit program, the total benefit paid to the average member by CalSTRS and Social Security would have to be about one-third lower than the benefit paid by CalSTRS alone. For example, for a member retiring at age 62 with 30 years of service credit and a final compensation of $50,000, the replacement ratio would be reduced from 58 percent to 37 percent of pay.

One particular complication of proposals to mandate Social Security for new employees is that the requirement to participate would be triggered when a person takes a previously uncovered job with a new employer. If, for example, an experienced teacher in one school district takes a job at another school district after the effective date of the change, that teacher's new job would be covered by Social Security, and the employee and employer would have to pay an additional 6.2 percent in payroll taxes. Although CalSTRS has analyzed a theoretical benefit structure for new members that would not result in higher total employer and employee contribution rates with Social Security, constitutional limitations on the impairment of benefits would preclude compelling existing members from opting into the new reduced CalSTRS benefit program. As a result, existing members, and their new employers, could find themselves paying substantially higher costs than existing members who remained with their current employers or those who are new to CalSTRS. This problem could be avoided if a requirement to participate in Social Security were limited to people who were not already members of a retirement system, such as CalSTRS, in which the service was not covered by Social Security.

Historically, the Teachers' Retirement Board has expressed its opposition to mandating Social Security for California teachers.



History of Legislation

History of Legislation

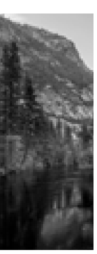
The "History of Legislation" summarizes state legislation affecting CalSTRS, its members, and their beneficiaries since 1987.

2018 State Legislation (2017–18 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1597 (Nazarian) Intro 2/17/17	Turkish Investment Vehicle Divestiture	Prohibits the CalSTRS and CalPERS boards from making additional or new investments or renewing existing investments in any investment vehicle issued, owned, controlled or managed by the government of Turkey, immediately upon passage of a federal law imposing sanctions on Turkey for failure to acknowledge the Armenian Genocide, and requires divestment from such investments within six months of the passage of such a federal law, subject to the fiduciary duty of the boards. Requires the boards, within one year of the passage of such a federal law, to report to the Legislature any investments in a Turkish investment vehicle and other specified information. Also indemnifies present, former and future board members, officers and employees of and investment managers under contract with those retirement systems for actions related to the bill. Also provides for repeal of its provisions upon determination that Turkey has officially acknowledged its responsibility for the Armenian Genocide. Sponsor: Author	Governor Veto (9/30/18)
AB 2052 (Bonta) Intro 2/6/18	Requiring Employers to Use Electronic Payments	Upon authorization by the Teachers' Retirement Board, requires all employers to submit their contribution payments by an electronic funds transfer method. Also allows an employer that is unable to comply with this requirement to apply to the board for a waiver to pay in an alternative manner. Sponsor: CalSTRS	Chapter 125, Statutes of 2018
AB 2571 (Gonzalez Fletcher) Intro 2/15/18	Race and Gender Pay Equity	Requires public retirement systems to make new additional or renewed investments in alternative investment vehicles only where the investment manager has adopted and committed to comply with a race and gender pay equity policy, as specified, subject to the fiduciary duty of the retirement board. Also requires the investment manager to submit an annual report to the public retirement system and requires the system to disclose the reported information at a public meeting and to the State Auditor. Sponsor: Unite Here, Local 11	Died in Assembly

2018 State Legislation (2017–18 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AJR 41 (Thurmond) Intro 5/29/18	Social Security Offset Repeal	Requests the United State Congress and the President to enact legislation which would repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) from the Social Security Act. Sponsor: Author	Resolution Chapter 197, Statutes of 2018
SB 783 (Pan) Intro 2/17/17	Pension Divestment Review Program	Makes a request by the Legislature to the University of California to establish the Pension Divestment Review Program to assess, at the request of specified legislative parties, any legislative proposal for the divestment or restriction of pension fund investments and prepare a written analysis containing relevant data, as prescribed, regarding the effects of the proposal on public employee pension funds and public policy. Sponsor: Author	Died in Assembly
SB 964 (Allen) Intro 1/31/18	Climate-Related Financial Risk of Pension Investments	To the extent the CalSTRS and CalPERS boards identify “climate-related financial risk,” as defined, as a material risk to the fund, requires that risk to be analyzed. By January 1, 2020, and every three years thereafter, the bill requires the boards to publicly report on the analysis of the material climate-related financial risks of their public market portfolios. Also provides a sunset date of January 1, 2035. Sponsors: Environment California, Fossil Free California	Chapter 731, Statutes of 2018
SB 1031 (Moorlach) Intro 2/8/18	Cost-of-Living Adjustment Prohibition	Prohibits public retirement systems from providing a cost-of-living adjustment to benefits when the unfunded actuarial liability of the system is greater than 20 percent based upon the system’s Comprehensive Annual Financial Report.	Died in Senate
SB 1165 (Pan) Intro 2/14/18	Housekeeping Bill	Makes various technical, conforming or minor changes to the Teachers’ Retirement Law to facilitate efficient administration of the State Teachers’ Retirement Plan. Sponsor: CalSTRS	Chapter 298, Statutes of 2017

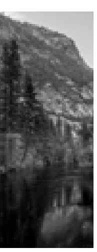


2017 State Legislation (2017–18 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 20 (Kalra) Intro 12/5/16	Dakota Access Pipeline Engagement Reporting	Requires the CalSTRS and CalPERS boards to report, on or before April 1, 2018, to the Legislature and the Governor regarding investments in, and engagement with companies constructing, or funding the construction of, the Dakota Access Pipeline. Also states the intent of the Legislature that the boards review and consider factors related to tribal sovereignty and indigenous tribal rights as part of the boards' investment policies related to environmental, social and governance issues. Sponsor: Author	Chapter 575, Statutes of 2017
AB 946 (Ting) Intro 2/16/17	Border Wall Construction Divestiture	Prohibits the CalSTRS and CalPERS boards from making additional or new investments or renewing existing investments in any company that contracts or subcontracts to build, maintain or provide material for President Trump's Border Wall. Requires the CalSTRS and CalPERS boards to engage with, and to liquidate their investments in, such a company within 12 months of the company contracting or subcontracting to provide work or material for a border wall. Requires the boards, by January 1, 2019, to report to the Legislature any investment actions related such companies, subject to the fiduciary duty of these boards. Indemnifies board members, officers, employees and contracting investment managers for actions related to the bill. Sponsor: Author	Died in Assembly
AB 1310 (Allen) Intro 2/17/17	Member Statement Disclosure	Requires CalSTRS and other public retirement systems, as defined, to disclose the unfunded liability and healthcare debt of the system on each member statement provided to members of the system. Sponsor: Author	Died in Assembly
AB 1325 (PER&SS) Intro 2/17/17	Housekeeping Bill	Makes various technical, conforming or minor changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 298, Statutes of 2017

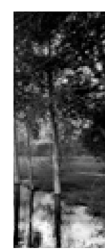
2017 State Legislation (2017–18 Legislative Session)

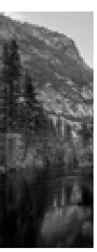
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1597 (Nazarian) Intro 2/17/17	Turkish Investment Vehicle Divestiture	Prohibits the CalSTRS and CalPERS boards from making additional or new investments or renewing existing investments in any investment vehicle issued, owned, controlled or managed by the government of Turkey, and requires divestment from those investments within six months of the passage of a federal law imposing sanctions on Turkey, subject to the fiduciary duty of the boards. Requires these boards, within one year of the passage of such a federal law, to report to the Legislature any investments in a Turkish investment vehicle and other specified information. Indemnifies present, former and future board members, officers and employees of and investment managers under contract with those retirement systems for actions related to the bill. Sponsor: Author	Held in Senate
ACA 15 (Brough) Intro 5/9/17	Protecting Schools and Keeping Pension Promises Act of 2018	Prohibits a government employer from enhancing new government employee defined benefit plan benefits, enrolling a new government employee in a defined benefit pension plan or paying more than one-half of the total cost of retirement benefits for new government employees without approval by the voters of the applicable jurisdiction. Also prohibits retirement boards from imposing fees or other financial conditions on a government employer that proposes to close a defined benefit pension plan to new members without approval by voters of the applicable jurisdiction or the sponsoring government employer. Sponsor: Author	Died in Assembly
SB 32 (Moorlach) Intro 12/5/16	Public Employees' Pension Reform Act Modifications	Creates the Citizen's Pension Oversight Committee to advise the CalSTRS and CalPERS boards. Further defines "normal monthly rate of pay or base pay" for CalSTRS 2% at 60 members. Increases the final compensation period for new members on or after January 1, 2018, to at least 60 consecutive months. Prohibits public retirement systems from making cost-of-living adjustments to benefits when the unfunded actuarial liability of either CalSTRS or CalPERS is greater than zero. Stipulates that the applicable benefit structure for new members who leave employment with and then are reemployed by an employer participating in CalSTRS. Sponsor: Author	Died in Senate



2017 State Legislation (2017–18 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 560 (Allen) Intro 2/17/17	Climate Risk of Pension Investments	Requires the CalSTRS and CalPERS boards to consider the “financial climate risk,” as defined, in their management of any funds they administer. By January 1, 2020, and annually thereafter, requires the boards to include the “financial climate risks” of their investments and their related engagement, as specified, in their comprehensive annual financial reports. Sponsors: Environment California, Fossil Free California	Died in Senate
SCA 8 (Moorlach) Intro 2/15/17	Public Pension Reductions	Permits a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law. Prohibits the measure from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed. Sponsor: Author	Died in Senate
SCA 10 (Moorlach) Intro 2/17/17	Public Pension Increases	Prohibits a government employer from providing public employees any retirement benefit increase, as defined, until that increase is approved by a two-thirds vote of the electorate of the applicable jurisdiction and that vote is certified. Sponsor: Author	Died in Senate





2016 State Legislation (2015–16 Legislative Session)

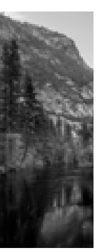
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 736 (Cooley) Intro 2/25/15	Expand Board's Authority over COO and CFO	Adds Chief Operating Officer and Chief Financial Officer to those positions for which the Teachers' Retirement Board has the authority to establish desired competencies, set terms and conditions of employment and fix the compensation levels. Imposes limits on annual salary increases paid to a person who served in either position on January 1, 2016, and who does not separate from service prior to the increase. Limits the number of each of the positions under the board's authority, except for investment officers, to one. Sponsor: CalSTRS	Chapter 553, Statutes of 2016
AB 1052 (Cooley) Intro 2/26/15	Investment Procurement Process	Consistent with existing constitutional authority, would have authorized the CalSTRS board to contract for specified investment-related services under the boards' terms and conditions and, except under specified circumstances, utilizing competitive processes, in lieu of state contracting requirements. Sponsor: CalSTRS	Died in Assembly
AB 1875 (Chávez) Intro 2/10/16	Special Needs Trusts as Option or Annuity Beneficiaries	Allows CalSTRS Defined Benefit Program members and Cash Balance Benefit Program participants to designate a specific type of trust established for a disabled individual (often called a "special needs trust") to be an option beneficiary or annuity beneficiary and receive a benefit for the duration of the disabled individual's lifetime. Sponsor: Author	Chapter 559, Statutes of 2016
AB 2155 (Ridley-Thomas) Intro 2/17/16	Full-Time Equivalent for Community College Faculty	Would have required that collective bargaining agreements or employment agreements that apply to adult education instructors specify the courses for which those members are adult education instructors. Sponsor: Los Angeles College Faculty Guild	Governor Veto (9/29/16)

2016 State Legislation (2015–16 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2833 (Cooley) Intro 2/19/16	Private Equity Fee Disclosure	Requires every California public investment fund to require its alternative investment vehicle fund managers and related parties to make specified disclosures regarding fees and expenses for each alternative investment vehicle. Also requires this information to be disclosed at least once annually in a report presented at a meeting open to the public. Applies to new contracts entered into, and to existing contracts pursuant to which the fund makes a new capital commitment, on or after January 1, 2017. Sponsor: State Treasurer John Chiang	Chapter 361, Statutes of 2016
SB 1352 (PE&R) Intro 2/19/16	Technical Housekeeping	Makes various technical, conforming or minor changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 218, Statutes of 2016
SB 1353 (Pan) Intro 2/19/16	Clarification to CalSTRS Funding Plan	Makes a technical clarification that state contribution changes that occurred after 1990 are not considered when determining future adjustments to the state contribution rate pursuant to the CalSTRS Funding Plan, except for the state contribution rate increases pursuant to that plan. Sponsor: CalSTRS	Chapter 350, Statutes of 2016

2015 State Legislation (2015–16 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 736 (Cooley) Intro 2/25/15	Expand Board's Authority over COO and CFO	Adds Chief Operating Officer and Chief Financial Officer to those positions for which the Teachers' Retirement Board has the authority to establish desired competencies, set terms and conditions of employment and fix the compensation levels. Sponsor: CalSTRS	Held in Senate
AB 963 (Bonilla) Intro 2/26/15	Membership Issues Clean Up	Clarifies the definition of service that can be reported to CalSTRS and remedies membership issues for individuals in classified positions who were erroneously reported to CalSTRS. Sponsor: CalSTRS	Chapter 782, Statutes of 2015
AB 991 (PER&SS) Intro 2/26/15	Technical Housekeeping	Makes various technical, conforming, or minor changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 123, Statutes of 2015
AB 1052 (Cooley) Intro 2/26/15	Investment Procurement Process	Consistent with existing constitutional authority, authorizes the boards of CalSTRS and CalPERS to contract for specified investment-related services under the boards' terms and conditions and, except under specified circumstances, utilizing competitive processes, in lieu of state contracting requirements. Sponsors: CalSTRS, CalPERS	Held in Senate
AB 1410 (Nazarian) Intro 2/27/15	Public Divestiture of Turkish Investment Vehicles	Requires the CalSTRS and CalPERS boards to divest of any investment vehicle issued by, owned, controlled or managed by the government of Turkey. Also requires these boards, on or before January 1, 2017, and annually thereafter, to report to the Legislature any investments in a Turkish investment vehicle and the sale or transfer of those investments, subject to the fiduciary duty of these boards. Sponsor: Armenian National Committee of America – Western Region	Died in Assembly

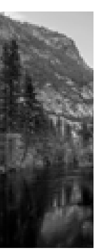


2015 State Legislation (2015–16 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 185 (De León) Intro 2/9/15	Public Divestiture of Thermal Coal Companies Act	Requires the CalSTRS and CalPERS boards to engage with thermal coal companies, as defined, and to divest the public employee retirement funds of any investments in thermal coal companies and prohibits additional or new investments or the renewal of existing investments in thermal coal companies. Sponsor: Author	Chapter 605, Statutes of 2015
SJR I (Beall) Intro 12/1/14	WEP/GPO Repeal	Requests the President and the Congress of the United States to pass legislation repealing the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) from the Social Security Act. Sponsors: ACSA, CalRTA, CTA, FACCC	Resolution Chapter 92, Statutes of 2015

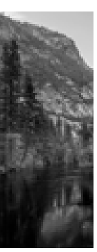
2014 State Legislation (2013–14 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1469 (Bonta) Intro 1/9/14	CalSTRS Funding Plan	Increases state, employer, and member contributions to the Teachers' Retirement Fund in order to eliminate the unfunded actuarial obligation of the DB Program by June 30, 2046. Sponsor: Author	Chapter 47, Statutes of 2014
SB 1220 (PE&R) Intro 2/20/14	Omnibus Bill	Makes various technical, conforming, or minor amendments necessary for continued effective administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 755, Statutes of 2014



2013 State Legislation (2013–14 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 125 (Wieckowski) Intro 1/14/13	Board Authority over Senior Management Classifications	Would have authorized the Teachers' Retirement Board to establish the desired competencies, set conditions of employment and performance standards, and establish the compensation, as specified, for the Chief Operating Officer and Chief Financial Officer, and would have allowed the board to recruit for these positions from broader sources. Also, would have required the board to report to the fiscal committees of the Legislature, as specified, on the improvements and cost savings realized because of these new positions. Sponsor: CalSTRS	Died in Senate
AB 761 (Dickinson) Intro 2/21/13	Public Retirement Investments in Firearm-Related Companies	Would have prohibited CalSTRS and CalPERS from investing in companies that manufacture firearms or ammunition for a recipient other than the U.S. military, subject to a process specified in the bill and consistent with previous divestment legislation, but subject to the board's fiduciary duties. Sponsor: Author	Died in Assembly
AB 989 (Mullin) Intro 2/22/13	Electronic Communication Authorization	Authorizes CalSTRS to provide the annual Retirement Progress Report along with various other retirement communications electronically in lieu of mailing them, unless the member, nonmember spouse, participant, nonparticipant spouse, or beneficiary to whom that communication is addressed specifically requests to continue receiving the communication by mail. Sponsor: CalSTRS	Chapter 459, Statutes of 2013
AB 1379 (PER&SS) Intro 2/26/13	Technical Housekeeping	Makes various technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 558, Statutes of 2013
AB 1381 (PER&SS) Intro 2/26/13	Public Employees' Pension Reform Act Conforming	Makes various technical corrections and conforming changes that align the Teachers' Retirement Law with the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), as enacted in AB 340 (Furutani). Sponsor: CalSTRS	Chapter 559, Statutes of 2013
SB 13 (Beall) Intro 12/3/12	Public Employees' Pension Reform Act Clean-Up	Makes various conforming and clarifying changes to the Public Employees' Pension Reform Act of 2013 (PEPRA). Sponsor: Author	Chapter 528, Statutes of 2013

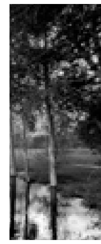


2012 State Legislation (2011–12 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 17 (Davis) Intro 12/6/10	Emerging Investment Managers	Would have, beginning August 1, 2013, and through 2017, required the board to annually participate in a legislative hearing on the ethnicity and gender of the investment managers who participate in managing their portfolios and on the ethnicity and gender of the brokerage firms that provide brokerage services. Sponsor: California State NAACP	Died in Senate
AB 178 (Gorell) Intro 1/24/11	Postretirement Employment	Changes the postretirement earnings limit to one-half of the median final compensation of all recently retired members. Excludes specified third-party employees from the postretirement employment limitations. Extends a very narrow exemption. Allows service retired members who reinstate on or after July 17, 2012, to re-retire within a year of reinstating and requires those members to keep the same option and beneficiaries, or Member-Only Benefit, that were in effect before reinstatement for one year after reinstatement. Sponsor: Author	Chapter 135, Statutes of 2012
AB 340 (Furutani) Intro 2/10/11	California Public Employees' Pension Reform Act of 2013	Makes various changes to the CalSTRS benefit structure that affect those who are first hired on or after January 1, 2013 (CalSTRS 2% at 62 members), including reducing the age factor, increasing minimum and normal retirement age, eliminating the career factor, requiring final compensation be calculated based on the highest average annual salary rate over three consecutive school years, reducing the limit on compensation that counts toward retirement benefits, limiting the type of compensation that counts toward retirement benefits, eliminating the Replacement Benefits Program, and requiring the contribution rate to equal 50 percent of the normal, ongoing cost of benefits. Also makes other changes that apply to all CalSTRS members (CalSTRS 2% at 60 and CalSTRS 2% at 62 members), including prohibiting the purchase of nonqualified service, requiring that a conviction for a work-related felony result in the forfeiture of benefits, expanding the separation from service requirement or zero-dollar limit to all members who retire on or after January 1, 2013, adding a narrow exemption to the separation from service requirement, extending the narrow exemption to the annual postretirement earnings limit to June 30, 2014, and prohibiting retroactive benefit enhancements. Sponsor: Author	Chapter 296, Statutes of 2012

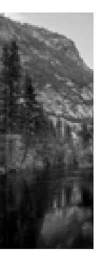
2012 State Legislation (2011–12 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1054 (Skinner) Intro 2/18/11	Quitclaim on Leased State Lands	Would have required a lessee of state lands who files with the State Lands Commission a written request for the commission to approve a quitclaim or relinquishment of all rights under an oil, gas, or mineral lease to continue to pay rents before and during the reclamation process. Sponsor: State Lands Commission	Died in Senate
AB 1101 (Eng) Intro 2/18/11	Teachers' Retirement Board Election	Would have provided that the Teachers' Retirement Board member who is either a retired member of the DB Program or a retired participant of the CB Benefit Program would be elected by retired members and participants of those programs. Sponsor: California Federation of Teachers (CFT)	Governor Veto (9/29/12)
AB 1735 (Wieckowski) Intro 2/16/12	Board Authority over Senior Management Classifications	Would have authorized the Teachers' Retirement Board to establish the desired competencies, set conditions of employment and performance standards, and establish the compensation, as specified, for the Chief Operating Officer and Chief Financial Officer, and would have allowed the board to recruit for these positions from broader sources. Sponsor: CalSTRS	Died in Senate
AB 1787 (Portantino) Intro 2/21/12	State Employee Salary Freeze	Would have prohibited persons employed by the state whose base salary is greater than $100,000 per year from receiving a salary increase or a bonus while employed in that same position or classification. Would have required the savings to be credited to the General Fund and appropriated to the Office of AIDS. Sponsor: Author	Died in Assembly
AB 1819 (Ammiano) Intro 2/21/12	Charter School Access to CalSTRS	Would have required employees of a charter school who perform creditable service to be in CalSTRS, if it would not affect CalSTRS' tax-qualified status. Sponsor: CFT	Died in Senate
AB 1949 (Cedillo) Intro 2/23/12	Authority to Select 403(b) Product Vendors	Would have authorized a school district, a county office of education or a charter school to select four or more vendors of 403(b) products through a competitive bidding process. Sponsor: Author	Died in Assembly



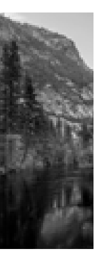
2012 State Legislation (2011–12 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2429 (Hagman) Intro 2/24/12	Public Employees' Retirement: Elected & Appointed Officials	Would have prohibited a person appointed or publicly elected to a local office who is less than full time from becoming a member of a pension system by virtue of the position into which he or she was first elected or appointed on or after January 1, 2013. Sponsor: Author	Died in Assembly
AB 2663 (PER&SS) Intro 2/29/12	Technical Housekeeping	Makes various technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 864, Statutes of 2012
SB 114 (Yee) Intro 1/19/11	Community College and Adult Education Instructor Collective Bargaining and Employment Agreements	Requires collective bargaining or employment agreements for community college adjunct and adult education instructors be submitted to CalSTRS. Sponsor: CFT	Chapter 829, Statutes of 2012
SB 955 (Pavley) Intro 1/5/12	Investing in California Infrastructure Projects	Encourages CalSTRS and CalPERS to prioritize investment in in-state infrastructure projects over alternative out-of-state projects if the investments are consistent with their fiduciary responsibility. Sponsor: Author	Chapter 760, Statutes of 2012
SB 1368 (Anderson) Intro 2/24/12	State Officer and Employee Salaries	Would have prohibited the annual rate of salary of a state officer or employee from exceeding the annual salary authorized to be received by the Governor, subject to certain exceptions. Sponsor: Author	Died in Senate
SCR 105 (Negrete McLeod) Intro 8/22/12	CalSTRS Funding	Establishes a framework for the development of a funding plan and directs CalSTRS to work with affected stakeholders to develop at least three alternative plans to submit to the Legislature by February 15, 2013. Expresses the Legislature's intent to enact legislation during the 2013–14 legislative session to address the long-term funding needs of the DB Program. Sponsor: Author	Resolution Chapter 123, Statutes of 2012
SJR 21 (Kehoe) Intro 3/6/12	Federal Tax Exemptions: Retirement Funds	Would have urged the federal government to allow all retirees who have contributed to a qualified retirement plan the option to use funds from their plan to pay for their medical and long-term care premiums. Sponsor: Author	Died in Senate



2011 State Legislation (2011–12 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 7 (Portantino) Intro 12/6/10	State Employee Salary Freeze	Would have prohibited a person employed by the state whose base salary is greater than $150,000 per year from receiving a salary increase or a bonus while employed in the same position or classification until January 1, 2014. Sponsor: Author	Died in Assembly
AB 17 (Davis) Intro 12/6/10	Emerging Investment Managers	Would have required CalPERS and CalSTRS to submit a report annually to the Legislature on the ethnicity and gender of the investment managers who participate in managing their portfolios and on the ethnicity and gender of the brokerage firms that provide brokerage services. Would have repealed these provisions on January 1, 2018. Sponsor: California State NAACP	Died in Senate
AB 597 (Eng) Intro 2/16/11	California Financial Literacy Fund	Establishes the California Financial Literacy Fund in the State Treasury and authorizes the Controller to administer the fund and program. States that the purpose of the fund is to enable partnerships with the financial services community and governmental and nongovernmental stakeholders to improve Californians' financial literacy. Allows the Controller to accept private donations and deposit those donations into the fund, which shall be made available upon appropriation in the annual Budget Act. Requires that funds not appropriated within 18 months of being contributed to the fund be returned in full to the contributor. Prohibits the use of donations to promote or market the financial products of any contributor. Sponsor: State Controller, New America Foundation	Chapter 612, Statutes of 2011
AB 738 (Hagman) Intro 2/17/11	Public Employment Benefits: Elected Officials	Would have prohibited a person who is publicly elected to an office of any kind, on and after January 1, 2012, from becoming a member of a retirement system by virtue of that service or acquiring any retirement right or benefit for serving in that elective office. Sponsor: Author	Died in Assembly



2011 State Legislation (2011–12 Legislative Session)

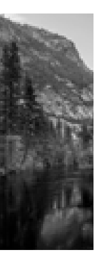
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 873 (Furutani) Intro 2/17/11	Prohibition on Employment After Separation from Pension System	Prohibits specified CalSTRS employees from engaging in certain employment activities after leaving service with CalSTRS for a period of four years, which includes a limitation on aiding, advising, consulting with, or assisting a business entity for compensation, for a period of two years, in obtaining the award of, or in negotiating, a contract or contract amendment with CalSTRS. Prohibits specified CalSTRS employees from accepting compensation for providing services as a placement agent, for a period of 10 years after leaving service with CalSTRS, in connection with CalSTRS investments or other business. Sponsor: State Controller	Chapter 551, Statutes of 2011
AB 982 (Skinner) Intro 2/18/11	Solar Energy Parks Program – Land Exchanges	Requires the State Lands Commission to enter into a memorandum of agreement by April 1, 2012, with the United States Secretary of the Interior to facilitate land exchanges consolidating school land parcels into contiguous holdings for large-scale renewable energy-related projects. Requires the commission, by January 1 of each year, to report to the Legislature on the status of the memorandum of agreement and school land consolidation efforts. Sponsor: BrightSource Energy	Chapter 485, Statutes of 2011
AB 1101 (Eng) Intro 2/18/11	Teachers' Retirement Board Election	Would have provided that the Teachers' Retirement Board member who is either a retired member of the DB Program or a retired participant of the CB Benefit Program would be elected by retired members and participants of those programs. Sponsor: CFT	Governor Veto (9/29/12)
AB 1151 (Feuer) Intro 2/18/11	Public Retirement Investments in Iran	Requires that any determination by CalSTRS that an action as specified in the California Public Divest from Iran Act fails to satisfy the fiduciary duty of the board be made in a properly noticed public hearing of the full board and that proposed findings be made public 72 hours before they are considered by the board. Sponsor: Author	Chapter 441, Statutes of 2011

2011 State Legislation (2011–12 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 27 (Simitian) Intro 12/6/10	Determination of Final Compensation	Would have limited the types of compensation included in a member's final compensation for the purpose of determining retirement benefits and would have effectively required all members to have a separation from service of 180 days after retirement. Sponsor: Author	Died in Assembly
SB 294 (Price) Intro 2/14/11	Emerging Investment Managers	Requires CalPERS and CalSTRS to define the term "emerging investment manager" and, beginning August 1, 2012, provide a five-year strategic plan for emerging investment manager participation across all asset classes. Beginning March 1, 2014, and annually thereafter until January 1, 2018, requires the boards to submit an annual report on the progress of the plan to the Legislature. Sponsor: Author	Chapter 701, Statutes of 2011
SB 349 (Negrete McLeod) Intro 2/15/11	Omnibus Bill	Makes various technical and small policy changes and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 703, Statutes of 2011
SB 398 (Hernandez) Intro 2/16/11	Placement Agents	Revises the definitions of placement agent and external manager in order to provide clarity to current law, defines "investment fund" and clarifies the criteria that exempts placement agents, as specified, from certain reporting and registration requirements imposed by local governments. Sponsor: Author	Chapter 704, Statutes of 2011
SB 439 (Negrete McLeod) Intro 2/16/11	Gift Limits for Board and Staff	Would have prohibited CalSTRS board members and specified employees from accepting gifts from any single person who has secured a contract with or submitted a contract proposal to CalSTRS in any calendar year with a total value of more than $50. Sponsor: State Controller	Governor Veto (10/7/11)
SB 523 (Walters) Intro 2/17/11	Public Employment Benefits: Elected Officials	Would have prohibited a person who is publicly elected to a local office of any kind, on and after January 1, 2012, from becoming a member of a retirement system by virtue of that service or acquiring any retirement right or benefit for serving in that elective office. Sponsor: Author	Died in Senate

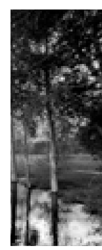
2011 State Legislation (2011–12 Legislative Session)

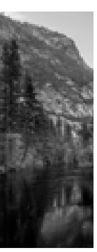
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 689 (Harman) Intro 2/18/11	Report on Pensions of $100,000 or More	Would have required on or before July 1, 2012, CalPERS, CalSTRS and the University of California Retirement System each to establish and maintain a website that allows the public to access specified information about any retired member who receives a pension of $100,000 or more annually and specified information regarding the costs of postretirement health care benefits. Sponsor: Author	Died in Senate
SB 696 (Lieu) Intro 2/18/11	California Financial Literacy Initiative	Would have authorized the creation of the California Financial Literacy Fund and allowed the Controller to accept private donations into the fund to support partnerships between various stakeholders to improve California's financial literacy. Sponsor: Author	Died in Senate
SB 861 (Corbett) Intro 2/18/11	Public Contracts: Conflict Minerals from Congo	Prohibits a scrutinized company, as defined, from bidding or submitting a proposal for a state contract for goods or services, if the company has had a final judgment filed against them by the U.S. Securities and Exchange Commission (SEC) related to the Democratic Republic of Congo (DRC) and conflict minerals disclosure. Sponsor: Enough!, International Corporate Accountability Roundtable	Chapter 715, Statues of 2011
SB 903 (Anderson) Intro 2/18/11	Public Retirement Investments in Iran	Would have provided any determination by CalSTRS that an action relating to selling or transferring specified investments in Iran would be a breach of fiduciary duty be made in a public hearing of the full board after proper public notice and provide an opportunity for public comment. Sponsor: Author	Died in Assembly



2010 State Legislation (2009–10 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 194 (Torrico) Intro 2/2/09	Retirement Benefit Limit	Would have limited the salary on which the retirement benefit of any new CalSTRS member would be based to 125 percent of the California State Governor’s salary as of December 2009, adjusted annually. Sponsor: Author	Governor Veto (9/30/10)
AB 1650 (Feuer) Intro 1/13/10	Public Contracts: Investing in Iranian Energy	Prohibits a person who is identified on a list created and maintained by the Department of General Services as being engaged in investment activities in the energy sector in Iran from submitting a proposal for or entering into or renewing a contract for goods and services with a state agency or with a local public entity for more than $1 million. Sponsor: Author	Chapter 573, Statutes of 2010
AB 1743 (Hernandez) Intro 2/8/10	Placement Agents	Prohibits a person from acting as a placement agent in connection with any potential system investment made by a state public retirement system unless that person is registered as a lobbyist and is in full compliance with the Political Reform Act of 1974 as the act applies to lobbyists. Sponsor: CalPERS, State Controller, State Treasurer	Chapter 668, Statutes of 2010
AB 1764 (Portantino) Intro 2/9/10	State Employee Salary Freeze	Would have prohibited a person employed by the state whose base salary on or after the effective date of the bill is greater than $150,000 per year from receiving a salary increase while employed in the same position or classification. Sponsor: Author	Died in Assembly
AB 1862 (Eng) Intro 2/12/10	Teachers’ Retirement Board Election	Would have provided that the Teachers’ Retirement Board member who is either a retired member of the DB Program or a retired participant of the CB Benefit Program would be elected by retired members of the DB Program and retired participants of the CB Benefit Program. Sponsor: CFT	Governor Veto (9/24/10)





2010 State Legislation (2009–10 Legislative Session)

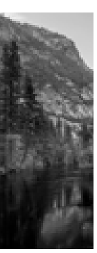
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1899 (Eng) Intro 2/16/10	Reporting Transparency in Government Website	Would have required state agencies, the Department of General Services and the Office of the State Chief Information Officer to post specified audits and contracts to the state's Reporting Transparency in Government website. Would have required the Governor's Office to post every Statement of Economic Interest and travel expense claim for its senior staff, agency secretaries and undersecretaries and department heads to the same website. Sponsor: Californians Aware, SEIU, Local 1000	Governor Veto (9/25/10)
AB 1913 (Davis) Intro 2/16/10	Emerging Investment Managers	Would have required the board, beginning January 1, 2012, to report annually to the Legislature the ethnicity and gender of emerging investment managers who participate in managing its investment portfolio. Would have required the board to develop and include in the report plans and strategies to increase the participation of emerging managers until they manage at least 10 percent of the board's actively managed portfolio. Sponsor: NAACP	Died in Senate
AB 2142 (Gilmore) Intro 2/18/10	CalSTRS Service Credit	Would have made a technical, nonsubstantive change to the provisions that require additional service performed by a member in excess of the service scheduled for a school year to be credited to the DBS Program. Sponsor: Author	Died in Assembly
AB 2260 (PER&SS) Intro 2/18/10	Technical Housekeeping	Makes various technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 207, Statutes of 2010
AB 2337 (Ammiano) Intro 2/19/10	Predatory Investment Practices	Would have prohibited CalSTRS and CalPERS from investing funds in a company engaged in predatory investment practices within rent-regulated housing. Sponsor: East Palo Alto Fair Rent Coalition, Tenants Together	Died in Senate
AB 2457 (Salas) Intro 2/19/10	Financial Literacy	Would have established the California Financial Literacy Fund in the State Treasury and authorized the Controller to administer the fund. The purpose of the fund would have been to support partnerships with the financial services community and governmental and nongovernmental stakeholders to improve California's financial literacy. Sponsor: State Controller, New America Foundation	Governor Veto (9/24/10)

2010 State Legislation (2009–10 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2603 (Gaines) Intro 2/19/10	State Agency Regulations	Would have enacted the Smart Regulation Act. Would have required that a state agency determine how many regulations it imposes and reduce the total number of regulations it has identified. Would have required that any new regulation proposed by an agency also eliminate another regulation. Sponsor: Author	Died in Assembly
ABX8 5 (Budget) Intro 1/15/10	Change in General Fund Payment Dates	Revises the transfer dates of General Fund revenue to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund and specifies that each payment be 50 percent of the annual appropriation. Establishes dates for the quarterly payments to the fund for the DB Program, which is continuously appropriated from the General Fund. Sponsor: Author	Chapter 1, Statutes of 2009–10 Eighth Extraordinary Session
ABX8 14 (Budget) Intro 1/15/10	Modification of General Fund Payment Dates	Among other things, amends Section 16324 of the Government Code to delete an extraneous cross reference to CalSTRS, thereby removing CalSTRS from the provisions established by Section 16324 as added by Chapter 1, Statutes of 2009–10 Eighth Extraordinary Session. Sponsor: Author	Chapter 10, Statutes of 2009–10 Eighth Extraordinary Session
ABX8 33 (Portantino) Intro 1/28/10	State Employee Salary Freeze	Would have prohibited state employees whose base salary is greater than $150,000 per year, until January 1, 2013, from receiving a salary increase in the same position or classification. Sponsor: Author	Died in Assembly
SB 1007 (Hancock) Intro 2/10/10	Elected Board Members: Political Reform Act	Requires elected members of the Teachers' Retirement Board to be subject to the Political Reform Act of 1974. Revises the definitions of "elective office" and "elective state office," thereby subjecting those candidates and committees primarily existing to support and oppose those candidates to the reporting requirements of the act. Makes conforming changes to provisions relating to the reporting of late contributions and late independent expenditures and the filing of committee organization, campaign and preelection statements. Authorizes the Fair Political Practices Commission to adopt regulations to tailor the reporting and disclosure requirements for these candidates and committees. Sponsor: State Controller	Chapter 633, Statutes of 2010

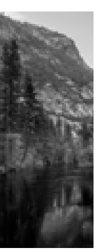
2010 State Legislation (2009–10 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1271 (Romero) Intro 2/19/10	Retirement Board Conflicts of Interest	Codifies CalPERS' conflict of interest regulation codes and makes them applicable to all public retirement boards. Sponsor: AFSCME	Chapter 702, Statues of 2010
SB 1425 (Simitian) Intro 2/19/10	Determination of Final Compensation	Would have limited the types of increases in compensation that count toward final compensation and reduced the benefit for any covered compensation earned during the first 180 days after retirement. Sponsor: Author	Governor Veto (9/30/10)
SBX8 5 (Budget and Fiscal Review) Intro 1/20/10	Change in General Fund Payment Dates	Would have revised the transfer dates of General Fund revenue to the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund and specified that each payment be 50 percent of the annual appropriation. Would have established dates for the quarterly payments to the fund for the DB Program, which is continuously appropriated from the General Fund. Sponsor: Author	Died in Assembly



2009 State Legislation (2009–10 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 53 (Portantino) Intro 12/3/08	State Employee Salary Freeze	Would have frozen any state employee's salary whose base salary is greater than $150,000 until January 1, 2012, and prohibited them from receiving payment for overtime work. Sponsor: Author	Died in Assembly
AB 232 (Hill) Intro 2/5/09	CalSTRS Green Technology	Authorizes the board to implement technology improvements in the delivery of benefits and services to members, participants, and beneficiaries. Sponsor: CalSTRS	Chapter 90, Statutes of 2009
AB 360 (Ma) Intro 2/23/09	Part-Time Community College Instructor Study	Would have encouraged CalSTRS to examine the feasibility and cost-effectiveness of either creating a new program for part-time community college instructors or making appropriate modifications to the DB Program to more appropriately reflect the career of a part-time community college instructor. Sponsor: CFT	Died in Assembly
AB 368 (Skinner) Intro 2/23/09	School Lands Leases: Quitclaims	Would have made the quitclaim or relinquishment of a lease of state lands effective upon completion of the abandonment of all facilities and reclamation of the lease premises. Sponsor: State Lands Commission	Governor Veto (10/11/09)
AB 399 (Brownley) Intro 2/23/09	Furloughed State Employees	Preserves the retirement benefit of furloughed state employees.	Chapter 240, Statutes of 2009
AB 506 (Furutani) Intro 2/24/09	Postretirement Earnings Limit	Conforms to federal law, which prohibits pension plans from distributing benefits before either the normal retirement age or a separation from service. Requires retired members who are under the normal retirement age of 60 to have their retirement benefit reduced by the amount earned in CalSTRS-covered employment for the first six calendar months following their retirement effective date or until their 60th birthday, whichever is sooner. Requires this deduction to begin July 1, 2010, regardless of retirement effective date. Extends the sunset dates for the postretirement earnings limit exemptions to June 30, 2012, and expands eligibility, where applicable, to members who retired on or before January 1, 2009. States that the vacant administrative position emergency exemption shall not apply to a retiree whose termination is the basis for the vacant administrator position. Sponsor: CalSTRS	Chapter 306, Statutes of 2009



2009 State Legislation (2009–10 Legislative Session)

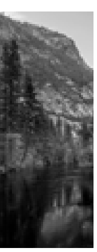
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 654 (Mendoza) Intro 2/25/09	Penalties and Interest	As of July 1, 2010, modifies the definition of “regular interest.” Clarifies the application of regular interest to the installments that employers make when paying for employee retirement incentives. Establishes a basis for the consistent assessment of interest and penalties for late payment of contributions and late submission of reports. Sponsor: CalSTRS	Chapter 249, Statutes of 2009
AB 1267 (Eng) Intro 2/27/09	Longevity Bonus Sunset Date Extension	Would have extended the sunset date for eligibility for the longevity bonus to July 1, 2016. Sponsor: CFT	Died in Assembly
AB 1584 (Hernandez) Intro 5/26/09	Placement Agents	Expands postemployment restrictions for specified CalSTRS employees or board members and requires additional disclosures of placement agent fees and activities to prevent “pay-for-play” activities with public pension investments and increases transparency and accountability. Sponsor: Author	Chapter 301, Statutes of 2009
AJR 10 (Torlakson) Intro 3/9/09	WEP/GPO Repeal	Requests the President and the United States Congress to enact the Social Security Fairness Act of 2009, which would repeal the WEP and the GPO of the Social Security Act. Sponsor: CTA, CRTA, CFT	Resolution Chapter 103, Statutes of 2009
SB 280 (Calderon) Intro 2/24/09	Retirement Incentive Exemption for Substitute Teachers	Would have provided that a member shall not forfeit his or her additional credit for service from a retirement enhancement if he or she is reemployed within five years after retirement as a substitute teacher by a school district from which he or she retired, if they terminate employment with that employer and provide CalSTRS an affidavit under penalty of perjury that they were unaware of the prohibition and they returned to work at the request of the employer. Sponsor: Author	Died in Senate
SB 634 (PE&R) Intro 2/27/09	Technical Housekeeping	Makes various technical and conforming changes to the Teachers’ Retirement Law to facilitate efficient administration of the State Teachers’ Retirement Plan. Sponsor: CalSTRS	Chapter 304, Statutes of 2009

2008 State Legislation (2007–08 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 36 (Niello) Intro 12/4/06	Benefit Fraud	Would have made it a crime to make false material statements or representations in applying for CalSTRS benefits, or knowingly accept benefit payment to which the person was not entitled. Sponsor: Author	Died in Senate
AB 498 (Hernandez) Intro 2/20/07	State Contract Eligibility: Sudan	Prohibits a scrutinized company, as defined, that is involved in specified activities in Sudan, from entering into a contract with a state agency for goods and services. Stipulates that a state agency must require a company that submits a bid to self-certify that it is not a scrutinized company. Permits termination of a contract for false certification and requires the Attorney General to determine whether to bring civil actions to recover costs. Sponsor: Save Darfur Coalition	Chapter 272 Statutes of 2008
AB 591 (Dymally) Intro 2/21/07	Community College Part-Time Employees	Allows the California Community Colleges to hire temporary part-time employees to teach up to 67 percent, rather than 60 percent, of the hours per week that constitute a regular, full-time assignment. Sponsor: California Part-Time Faculty Association	Chapter 84, Statutes of 2008
AB 789 (Mullin) Intro 2/22/07	Contributions to the SBMA	Would have provided that a certain percentage of creditable compensation shall be credited to the SBMA for purchasing power protection. Sponsor: California Retired Teachers Association	Died in Senate
AB 865 (Davis) Intro 2/22/07	State Agency Live Customer Service Act	Would have required each state agency to answer an incoming call with a live customer service agent or automated telephone answering equipment with an automated prompt that allows a caller to select the option to speak with a live customer service agent. Sponsor: Author	Governor Veto (9/28/08)
AB 1389 (Budget) Intro 2/23/07	Omnibus State Government Trailer Bill	Increases the targeted nonvested purchasing power benefit from 80 percent to 85 percent, but gives the CalSTRS board authority to adjust that target between 80 and 85 percent based on long-term actuarial projections. Reduces state General Fund payments into the SBMA by $66 million in 2008–09, $70 million in 2009–10, $71 million in 2010–11, and $72 million in 2011–12 and thereafter. Sponsor: Assembly Committee on Budget	Chapter 751, Statutes of 2008

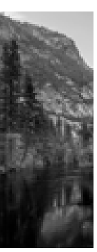
2008 State Legislation (2007–08 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1480 (Mendoza) Intro 2/23/07	CalSTRS Roth IRA	Authorizes CalSTRS to offer a Roth IRA, as part of its Pension2® Program, to receive funds converted from a Roth 403(b) account. Sponsor: CalSTRS	Chapter 432, Statutes of 2008
AB 1844 (Hernandez) Intro 1/28/08	Benefit Fraud (Public Employee Benefits)	Makes it a crime for a person to make false material statements in connection with retirement benefits and applications. Requires public agencies to report OPEB information to the State Controller, and the Controller to develop cost-efficient procedures to collect and report this information. Sponsor: Governor's Public Employee Post-Employment Benefits Commission	Chapter 369, Statutes of 2008
AB 1967 (Torrico) Intro 2/14/08	Private Equity Investment Act	Would have prohibited CalSTRS and CalPERS from investing in a private equity company owned by a sovereign wealth fund, or in a fund managed directly or indirectly by a private equity company owned by a sovereign fund, if the country(ies) associated with that sovereign wealth fund does not meet specified human rights criteria. Sponsor: SEIU	Died in Assembly
AB 2023 (Houston) Intro 2/15/08	Public Employee Disability Benefits	Requires that CalSTRS, CalPERS and other pension boards use exclusively medical information when making a disability retirement decision. Sponsor: Author	Chapter 370, Statutes of 2008
AB 2191 (Mullin) Intro 2/20/08	Expanded CalSTRS 403(b) Programs: State Employees	Deletes the ability of the State Controller's Office to purchase annuity contracts on behalf of certain state employees and extends CalSTRS' 403(b) programs—Pension2, 403bCompare and 403bComply—to those state employees. Sponsor: State Controller	Chapter 230, Statues of 2008
AB 2390 (Karnette) Intro 2/21/08	Postretirement Earnings Limit Exemptions and Foreign Service Credit	Extends the sunset date on the postretirement earnings limit exemptions until June 30, 2010, extends certain exemptions to members who retired for service on or before January 1, 2007, and permits members retired between June 1, 2007, and December 31, 2007, to purchase foreign service credit. Sponsor: CalSTRS	Chapter 494, Statutes of 2008
ABX3 8 (Budget) Intro 2/4/08	2007 State Budget Act: SBMA Transfer Date	Identical to SBX3 6, enacts legislation necessary to implement changes to the 2007–08 budget and implement policy changes affecting the 2008–09 budget. Specifies the 2008–09 SBMA General Fund transfer shall be made on November 1. Sponsor: Governor	Chapter 6, Statutes of 2007–08 Third Extraordinary Session



2008 State Legislation (2007–08 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 242 (Torlakson) Intro 2/14/07	Claims Against the State	Appropriates funds to pay for litigation costs incurred by CalSTRS and expresses the Legislature's intent to appropriate funds in future fiscal years for repayment of interest due to CalSTRS on underpayment of the SBMA appropriation. Sponsor: Author	Chapter 59, Statues of 2008
SB 1066 (Migden) Intro 1/10/08	Domestic Partnerships	Would have deleted the requirement that domestic partners be of the same sex or, if of different sexes, that one of them be at least 62 years of age. Sponsor: Author	Died in Senate
SB 1123 (Wiggins) Intro 1/28/08	California Actuarial Advisory Panel	Requires the Legislature to secure the services of an enrolled actuary in determining the costs of other postretirement benefits. Creates the California Actuarial Advisory Panel to provide impartial and independent information on pensions, other postemployment benefits, and best practices to the Legislature, Governor, and public agencies. Sponsor: Governor's Public Employees Post-Employment Benefits Commission	Chapter 371, Statutes of 2008
SB 1376 (Wiggins) Intro 2/21/08	Technical Housekeeping	Would have made various technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Governor Veto (9/26/08)
SB 1488 (Calderon) Intro 2/21/08	Substitute Teacher Exemption	Would have provided that members shall not forfeit their two years of additional service credit for early retirement if they are reemployed within five years after retirement as a substitute teacher by a school district from which they were retired. Sponsor: Author	Died in Senate
SB 1550 (Florez) Intro 2/22/08	Corporate Climate Change Disclosure Statement	Would have required the Controller, in consultation with the investment community, to establish an investor-based climate change disclosure standard for use by publicly held corporations doing business in California. Sponsor: Author	Died in Senate
SBX3 6 (Budget and Fiscal Review) Intro 2/7/08	2007 State Budget Act: SBMA Transfer Date	Identical to ABX3 8, would have enacted legislation necessary to implement changes to the 2007–08 budget and implement policy changes affecting the 2008–09 budget. Would have specified the 2008–09 SBMA General Fund transfer shall be made on November 1. Sponsor: Governor	Died in Senate

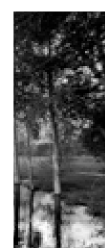


2007 State Legislation (2007–08 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 221 (Anderson) Intro 1/29/07	Investments in Iran	Prohibits CalSTRS and CalPERS from investing in companies with business operations in Iran and requires each pension system to sell or transfer any investments in a company with business operations in Iran. When the U.S. repeals its sanctions against Iran, the pension boards shall notify the Secretary of State, and the prohibitions and requirements in this bill will be repealed. Sponsor: Author	Chapter 671, Statutes of 2007
AB 554 (Hernandez) Intro 2/21/07	Prefunding of Postemployment Health Care Benefits	Permits the CalPERS Board of Administration to authorize a public agency to participate in a CalPERS program to prefund the health benefits the employer provides to its retirees. Sponsor: CalPERS	Chapter 318, Statutes of 2007
AB 754 (PER&SS) Intro 2/22/07	Investment Officer Compensation	Approves the side letter to the memorandum of understanding between the state and state bargaining units that, among other things, amends Investment Officer compensation. Sponsor: Department of Personnel Administration	Chapter 321, Statutes of 2007
AB 757 (PER&SS) Intro 2/22/07	Technical Housekeeping	Makes a variety of technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the System. Sponsor: CalSTRS	Chapter 323, Statutes of 2007
AB 861 (Tran) Intro 2/22/07	Divorce Protections	Protects the economic rights of the parties to a divorce by allowing the court a wider range of protection options prior to final distribution of their property. Sponsor: Family Law Section of the State Bar	Chapter 141, Statutes of 2007
AB 1316 (Bass) Intro 2/23/07	Service Retirement Pending Disability	Permits DB members to apply for and receive a service retirement pending a determination of their application for disability, subject to requirements and restrictions. Sponsor: CalSTRS	Chapter 332, Statutes of 2007
AB 1317 (Mullin) Intro 2/23/07	Compensation for General Counsel	Requires the Teachers' Retirement Board to fix compensation of the CalSTRS General Counsel. Sponsor: CalSTRS	Chapter 333, Statutes of 2007

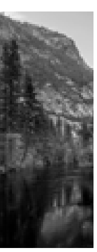
2007 State Legislation (2007–08 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1393 (Leno) Intro 2/23/07	Public Records Act Requests	Would have required state agencies to include specified information on their websites regarding how to request records pursuant to the California Public Records Act; would have established a limited-term advisory board with the Department of Justice to oversee website standards and report information to the Governor and the Legislature. Sponsor: CalAware	Governor Veto (10/11/07)
AB 1432 (Soto) Intro 2/23/07	Federal Law Conformity	Conforms the Teachers' Retirement Law to federal law: allows nonparticipating domestic partners to roll-over benefit distributions; permits purchase of foreign teacher service credit, subject to limitations. Sponsor: CalSTRS	Chapter 513, Statutes of 2007
AJR 5 (Hernandez) Intro 2/1/07	Repeal of the Social Security Pension Offsets	Requests the President and the Congress to enact the Social Security Fairness Act which would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act. Sponsor: Author	Resolution Chapter 116, Statutes of 2007
SB 461 (Ashburn) Intro 2/21/07	Investments in a "Foreign Terrorist State"	Would have prohibited CalSTRS and CalPERS from investing public employee retirement funds in companies with business operations in a "foreign terrorist state." Would have required the boards of these retirement systems to sell or transfer any investments with these companies and report to the Legislature regarding these investments. Sponsor: Author	Died in Senate
SB 901 (Padilla) Intro 2/23/07	Postretirement Employment and Earnings	Extends the current exemptions on post-retirement earnings limit until June 30, 2009, and repeals them on January 1, 2010. Sponsor: CalSTRS and LAUSD	Chapter 353, Statutes of 2007



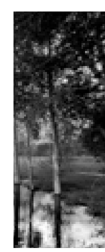
2006 State Legislation (2005–06 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2215 (Goldberg) Intro 2/22/06	Benefits for LAUSD Board Members	Would have required the Los Angeles Unified School District to provide compensation to trustees who serve on its governing board according to a formula based on their level of duties. It also would have specified that trustees must receive the same employment benefits, including retirement benefits, as credentialed LAUSD employees. Sponsor: Author	Died in Assembly
AB 2462 (Mullin) Intro 2/23/06	Administrative and Compliance Services For Employer Deferred Compensation Plans	Specifies key components of due diligence that school employers must perform during their selection of a third-party administrator for their deferred compensation plans, including CalSTRS. Authorizes the board to contract to supply administrative and compliance services for employer-sponsored deferred compensation plans to school districts that contract with CalSTRS for those services. Allows the costs for TPA services to be paid by participants, establishes a start-up funding mechanism and requires school districts to review ability of TPAs to meet specified standards. Sponsor: CalSTRS	Chapter 780, Statutes of 2006
AB 2570 (Arambula) Intro 2/23/06	Investments	Among other things, would have required large public pension funds report annually to the Controller on investments made in California and California's emerging domestic markets. Also stated legislative intent that local retirement systems invest in those emerging domestic markets within the state. Sponsor: California Association for Local Economic Development	Governor Veto (9/29/06)
AB 2793 (Arambula) Intro 2/24/06	Retiree Health And Welfare Benefit Costs; Actuarial Standards For Funding	Would have required actuarial standards be developed by the Department of Education and used by school districts to report costs associated with retiree health and welfare benefits and be included in the criteria adopted by the Board of Education to identify schools experiencing financial difficulties; would have required the governing board of each school district to certify in its annual statements, its ability to pay the normal cost of retiree health and welfare benefits for the current and succeeding two fiscal years. Sponsor: Author	Died in Assembly



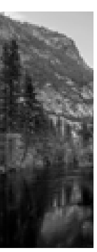
2006 State Legislation (2005–06 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2941 (Koretz) Intro 2/24/06	Investments; Sudan	Prohibits CalSTRS and CalPERS from investing in companies with business operations in Sudan that meet specified criteria, and establishes procedures for identifying, engaging and divesting from such companies; indemnifies from the General Fund all past, present, future board members, officers, employees and investment managers from liability sustained by reason of any decision not to invest in companies with business operations in Sudan pursuant to the bill. Sponsor: Sacramento Committee on Conscience, Sudan Divestment Task Force	Chapter 442, Statutes of 2006
AB 2970 (Pavley) Intro 2/24/06	Postretirement Earnings Limitation	Among other things, would have permanently eliminated the postretirement earnings limit for retired DB members who are at or over age 60; would have established a permanent exemption for retired members under age 60 who wait a period of 12 consecutive months after retiring before returning to perform creditable service. Sponsor: LAUSD	Died in Assembly
ACA 5 (Richman) Intro 12/6/04	Mandatory Defined Contribution Plan	Beginning July 1, 2007, would have required all state, school and local public employers to offer new employees only defined contribution retirement plans, and allowed current public employees to transfer money from their existing defined benefit retirement plan to the employer-sponsored defined contribution plan offered to new employees. Sponsor: Author	Died in Assembly
ACA 23 (Richman) Intro 9/8/05	Defined Contribution Plan	Would have established a new defined benefit retirement program with a voluntary supplementary defined contribution component under the State Teachers' Retirement Plan for credentialed employees hired on or after July 1, 2007. Sponsor: Author	Died in Assembly
ABX1 3 (Richman) Intro 4/14/05	Implementation of ACAX1 8	Among other things, would have implemented ACAX1 8 that would establish defined contribution and hybrid retirement programs under the State Teachers' Retirement Plan for credentialed employees hired on or after July 1, 2007; would have required any amendment to the DB Program benefit formula that determines retirement benefits to apply only to service performed by the member on and after the effective date of the constitutional amendment. Sponsor: Author	Died in Assembly



2006 State Legislation (2005–06 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
ABX1 5 (Torrico) Intro 5/24/05	Benefit Fraud	Would have imposed criminal and civil penalties on CalSTRS members, beneficiaries, participants and the people who assist them, that make false material statements or representations in order to receive CalSTRS benefits; would have established a crime for people to accept a payment from CalSTRS with the knowledge that they are not entitled to the benefit.	Died in Assembly
ACAX1 1 (Richman) Intro 1/6/05	Mandatory Defined Contribution Plan	Would have required all state, school and local public employers to offer their new employees, beginning July 1, 2007, only defined contribution retirement plans, and allowed current public employees to transfer money from their existing defined benefit retirement plan to the employer-sponsored defined contribution plan offered to new employees. Sponsor: Governor	Died in Assembly
ACAX1 8 (Richman) Intro 4/14/05	Defined Contribution and Hybrid Plans	Beginning July 1, 2007, would have required all state, school and local public employers to offer their new employees the choice of hybrid or defined contribution retirement plans, and permitted current public employees to transfer money from their existing defined benefit retirement plan to the employer-sponsored retirement plan offered to new employees. Sponsor: Author	Died in Assembly
SB 1124 (Torlakson) Intro 1/4/06	Postretirement Earnings Limitation	Would have, among other things, created a new exemption to the postretirement earnings limit for a member who had been retired for at least six months and provided mentoring services in a high-priority school. Sponsor: Author	Died in Assembly
SB 1207 (Alarcon) Intro 1/26/06	Corporate Governance	Allows publicly traded California corporations that do not allow cumulative voting, to elect a person running unopposed for its board of directors by majority vote. Sponsor: CalSTRS, CalPERS	Chapter 871, Statutes of 2006

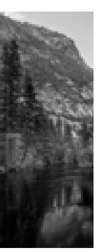


2006 State Legislation (2005–06 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1457 (Simitian) Intro 2/23/06	Retiree Health and Welfare Benefits, Actuarial Standards	Would have required the Department of Education to develop actuarial standards for school districts that provide their retired employees health and welfare benefits, and report to the Legislature and Department of Finance on districts' progress annually; would have required districts to perform an actuarial study of their retiree health and welfare benefit liabilities, identify a funding source and provide funding in their budgets, and report the results to their county office of education. Sponsor: Author	Died in Senate
SB 1465 (Soto) Intro 2/23/06	Minor Policy Bill	Establishes a threshold for the payment and collection of benefit adjustments; provides a monthly benefit to dependent children under the Coverage B Survivor Benefits Program when there is no surviving spouse or partner at the time of the active member's death; changes service credit purchase and benefit calculation provisions; allows members to purchase up to two years of permissive service for time spent teaching in the Peace Corps; and eliminates two redundant reports to the Legislature. Sponsor: CalSTRS	Chapter 654, Statutes of 2006
SB 1466 (PE&R) Intro 2/23/06	Technical Housekeeping Bill	Makes a variety of technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the system. Sponsor: CalSTRS	Chapter 655, Statutes of 2006
SB 1514 (Maldonado) Intro 2/23/06	Retiree Health and Welfare Benefits, Actuarial Standards	Would have required all school districts or county offices of education that provide health and welfare benefits to their retired employees to report the accrued, unfunded cost of the benefits to the district's governing board on an annual basis, regardless of whether the benefit continues or stops once the retiree reaches age 65. Sponsor: Author	Died in Senate
SJR 15 (Dutton) Intro 6/21/05	Social Security Offsets	Requests that the U.S. President and Congress enact legislation that would remove the burdensome effects of the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act. Sponsor: CRTA	Resolution Chapter 62, Statutes of 2006

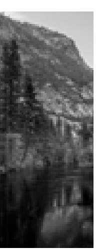
2005 State Legislation (2005–06 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 55 (Mullin) Intro 12/6/04	Supplemental Benefit Maintenance Account	Would have increased contributions to the Supplemental Benefit Maintenance Account beginning in fiscal year 2008–09 through 2012–2013 to offset reduced contributions in 2003–04. Sponsor: Teachers’ Retirement Board, CTA, CRTA	Governor Veto (10/7/05)
AB 224 (PER&SS) Intro 2/3/05	Technical Housekeeping	Makes a variety of technical and conforming changes to the Teachers’ Retirement Law to facilitate efficient administration of the system. Sponsor: Teachers’ Retirement Board	Chapter 351, Statutes of 2005
AB 256 (De La Torre) Intro 2/8/05	Study: Statewide Health Care Pool for School Employees	Among other things, requires CalPERS consult with CalSTRS to evaluate the feasibility of creating single statewide health care pool for all school employees and report its findings to the Legislature. Sponsor: CSEA	Chapter 708, Statutes of 2005
AB 310 (Umberg) Intro 2/10/05	Defined Contribution Retirement Plans	Would have established performance requirements and fee limits on providers of mandatory defined contribution retirement plans to public employees. Sponsor: CSEA	Governor Veto (9/29/05)
AB 1044 (Aghazarian) Intro 2/16/05	Elected Public Officers	Requires elected public officers convicted of a felony arising out of official duties to forfeit the retirement benefits that accrue on or after January 1, 2006, solely as a result of their service in office and receive only the employee contributions made during their term. Sponsor: Author	Chapter 322, Statutes of 2005
ACR 11 (Dymally) Intro 1/31/05	Investments in Sudan	Encourages CalSTRS and CalPERS to persuade companies doing business in Sudan to avoid taking actions that promote or enable human rights violations in that country. Sponsor: Author	Resolution Chapter 98, Statutes of 2005
SB 439 (Simitian) Intro 2/17/05	Public Records Act	Specifies which information relating to public retirement systems alternative investments is subject to disclosure or protected from disclosure under the California Public Records Act. Sponsor: University of California, CalPERS	Chapter 258, Statutes of 2005



2005 State Legislation (2005–06 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 525 (Torlakson) Intro 2/18/05	Termination Benefits	Reduces the one-year waiting period to six consecutive months for both members of the DBS Program and participants of the CB Benefit Program to receive a termination benefit; prohibits the payment of more than one termination benefit under either program during a single five-year period. Sponsor: CalSTRS	Chapter 661, Statutes of 2005
SB 973 (Kuehl) Intro 2/2/05	Registered Domestic Partnership	Makes various technical changes to the provisions of the Teachers' Retirement Law, which implemented the California Domestic Partner Rights and Responsibilities Act of 2003 (AB 205), and clarifies that a DB members' registered domestic partners must sign preretirement option election forms before they are submitted to CalSTRS. Sponsor: Equality California	Chapter 418, Statutes of 2005

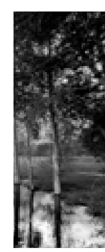


2004 State Legislation (2003–04 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 212 (Maze) Intro 1/29/03	Retirement Incentive Program	Would have established a new retirement incentive program to allow school districts to add four years of service credit to those DB members who agree to retire prior to May 16, 2007. Sponsor: Author	Died in Senate
AB 265 (Mullin) Intro 2/4/03	Supplemental Benefit Maintenance Account	Would have increased contributions to the SBMA beginning in fiscal year 2004–05 through 2010–11 to offset reduced contributions in 2003–04. Sponsor: CalSTRS, CTA	Died in Senate
AB 419 (PER&SS) Intro 2/14/03	Teachers' Retirement Board	Allows CB Benefit Program participants to vote in all board elections; specifies candidates must run for the seat in which they accrued the most service during the prior school year and extends reimbursement provisions. Sponsor: CalSTRS, CFT, CTA, ACSA, FACCC	Chapter 11, Statutes of 2004
AB 849 (Lieber) Intro 2/20/03	Investments	Would have required state or local agencies that invest public funds with, or purchase financial instruments from, financial institutions use financial institutions that have a specified rating under the federal Community Reinvestment Act. Sponsor: Author	Died in Assembly
AB 1209 (Nakano) Intro 2/21/03	Public Records Act	Makes minor changes to the Public Records Act requirements related to agency plans in dealing with acts of terrorism or other criminal acts. Sponsor: State and Consumer Services Agency, Office of Homeland Security	Chapter 8, Statutes of 2004
AB 1586 (PER&SS) Intro 2/21/03	Community College Employees	Permits the recalculation of benefits paid to part-time adult education and community college employees who were members of the DB Program prior to July 1, 1996. Sponsor: CalSTRS, FACCC	Chapter 442, Statutes of 2004
AB 1852 (Mullin) Intro 1/29/04	Partial Lump-Sum Benefit	Expands eligibility for the partial lump-sum benefit. Sponsor: CTA	Chapter 935, Statutes of 2004
AB 2036 (La Suer) Intro 2/17/04	Concurrent Retirement; Benefit Enhancements	Would have allowed community college instructors who are concurrent members of the DB Program and CalPERS to use service credit in both systems to qualify for CalSTRS benefit enhancements. Sponsor: Author	Died in Assembly

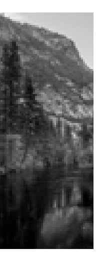
2004 State Legislation (2003–04 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2232 (PER&SS) Intro 2/18/04	Service Credit From Unused Sick Leave	Would have changed the divisor used in the calculation to convert accumulated unused sick leave to service credit for members of the DB Program by requiring the divisor reflect the appropriate minimum full-time equivalent for each class of employees. Sponsor: FACCC	Died in Senate
AB 2233 (PER&SS) Intro 2/18/04	Technical Housekeeping	Makes a variety of technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the system. Sponsor: CalSTRS	Chapter 912, Statutes of 2004
AB 2391 (Koretz) Intro 2/19/04	Legal Services Contracts	Would have prohibited state agencies from contracting for legal services if the hourly rate is more than 250 percent the hourly rate billed to state agencies for attorneys in State Bargaining Unit 2. Sponsor: CA Attorneys, Administrative Law Judges, Hearing Officers and Deputy Labor Commissioners in State Employment	Died in Assembly
AB 2554 (Pavley) Intro 2/20/04	Postretirement Earnings Exemption	Extends for up to two years an existing exemption for retired DB Program members who fill a vacant administrative position in an emergency situation. Extends required retirement date and sunset date for other existing exemptions. Sponsor: LAUSD	Chapter 934, Statutes of 2004
AB 2680 (Negrete McLeod) Intro 2/20/04	CalSTRS Headquarters Facility	Expands the geographic area in which CalSTRS may locate its headquarters facility within the Sacramento metropolitan area to include eastern Yolo County. Sponsor: CalSTRS	Chapter 378 Statutes of 2004
AB 2752 (Chu) Intro 2/20/04	Corporations	Would have required corporations doing business in California to make their election procedures available to shareholders, post them on their website, and file them with the California Secretary of State. Sponsor: Secretary of State	Governor Veto (9/22/04)
AB 2753 (Corbett) Intro 2/20/04	Retirement Incentive Program	Would have prohibited any member who retires with a Retirement Incentive Program benefit from accepting any job for up to one year from after their retirement date from the district they retire from and would have made technical amendments to the incentive programs established by Chapter 313, Statutes of 2003. Sponsor: Author	Died in Senate



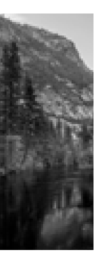
2004 State Legislation (2003–04 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 3076 (Mullin) Intro 3/11/04	DB Program Mandatory Membership	Bases the threshold for mandatory membership in the DB Program on a community college employee's basis of employment for the school year, rather than on the amount of service performed in one pay period. Sponsor: CalSTRS, CTA, FACCC	Chapter 474, Statutes of 2004
AB 3094 (PER&SS) Intro 3/11/04	Direct Deposit Funds	Permits state and county retirement systems to recover funds sent by direct deposit to financial institutions, following the death of the person entitled to receipt of the benefits. Sponsor: CalPERS, CalSTRS	Chapter 506, Statutes of 2004
AJR 79 (Chu) Intro 4/12/04	Shareholder Access	Requests the Securities and Exchange Commission to implement its proposed shareholder participation rules in order to address the need for reform in corporate transparency and give shareholders access to the proxy. Sponsor: Secretary of State	Resolution Chapter 92, Statutes of 2004
SB 102 (Burton) Intro 1/29/03	Unused Sick Leave	Allows up to two-tenths of one year of unused sick leave to count towards qualifying for one-year final compensation, longevity bonus and other benefit enhancements. Sponsor: CalSTRS, CTA	Chapter 911, Statutes of 2004
SB 147 (Torlakson) Intro 2/6/03	Health Security Accounts	Would have established the Health Security Account Program for retired members, their spouses and dependents to be financed by employer contributions. Sponsor: Author	Died in Senate
SB 272 (Soto) Intro 2/18/03	Social Security Coverage	Would have required community college districts to offer Social Security coverage to part-time community college faculty no later than July 1, 2004. Sponsor: FACCC	Died in Senate
SB 766 (Florez) Intro 2/21/03	Securities	Would have expanded the ability of public pension funds to hold liable those who provide misleading information that is used when deciding to buy or sell a security. Sponsor: Berman, Devalerio, Pease, Tabacco, Burt & Pucillo	Died in Senate
SB 1137 (Burton) Intro 1/20/04	Teachers' Retirement Board Elections	Would have authorized the election of a retired member of the board by retired members of the DB Program, participants of the CB Benefit Program receiving an annuity, and members who are receiving a disability allowance, to a four-year term beginning January 1, 2006. Sponsor: CRTA	Governor Veto (9/15/04)



2004 State Legislation (2003–04 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1632 (Figueroa) Intro 2/20/04	Corporate Investments	Would have required public pension systems in California to obtain specific information from corporations in which they invest, related to their adherence to, and violations of, environmental, public health and human rights standards. Also would have required the systems to report to the Legislature, to the extent feasible. Sponsor: Natural Heritage Institute, California Right to Know Coalition	Died in Senate



2003 State Legislation (2003–04 Legislative Session)

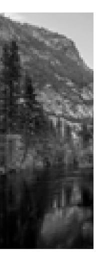
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 91 (Dutton) Intro 1/8/03	Cash Balance Benefit Program	Originally would have permitted part-time classified employees to participate in the CB Benefit Program as of July 1, 2004. Sponsor: CalSTRS	Provisions applicable to CalSTRS deleted
AB 106 (Corbett) Intro 1/10/03	Survivor Benefits	For purposes of receiving survivor benefits under the DB Program, defines a spouse as a person who was continuously married to a member for less than 12 months prior to the accidental death of the member, or for the period beginning prior to the occurrence of the injury or diagnosis of an illness that resulted in the member's death. Sponsor: Author	Chapter 548, Statutes of 2003
AB 205 (Goldberg) Intro 1/28/03	Domestic Partnerships	Extends the rights, protections, benefits, responsibilities, obligations and duties of current, former and surviving married spouses to current, former and surviving registered domestic partners in California; requires that any formal, same-sex union created in another state be recognized as a registered domestic partnership in California. Sponsor: California Alliance for Pride & Equality	Chapter 421, Statutes of 2003
AB 434 (Hancock) Intro 2/14/03	Defined Benefit Program: Earnings Limitation Exemption	Originally would have extended an existing exemption from the earnings limitation for DB Program members who return to provide direct classroom instruction to pupils in K–12, as specified; would have extended the exemption to members who retired on or before January 1, 2003; would have extended the sunset date from July 1, 2005, to January 1, 2010. Sponsor: CTA, CCRTA	Provisions applicable to CalSTRS deleted
AB 1207 (Corbett) Intro 2/21/03	Defined Benefit Program: Retirement Incentive Program	Reopens and makes permanent an existing retirement incentive program that provides an additional two years of service credit to members of the DB Program employed by participating school districts able to demonstrate cost savings; establishes a new retirement incentive program that allows school districts to add two years of service credit and two years of age to the age factor calculation in determining a member's retirement allowance. Sponsor: Association of California School Administrators, CFT, CTA, FACCC, Small School Districts Association	Chapter 313, Statutes of 2003

2003 State Legislation (2003–04 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1764 (Budget & Fiscal Review) Intro 3/11/03	Supplemental Benefit Maintenance Account	Originally would have decreased the SBMA transfer by an additional $58 million in 2003–2004.	Provisions applicable to CalSTRS deleted
AJR 29 (Pavley) Intro 4/10/03	Social Security Act	Requests the U.S. President and Congress enact legislation removing the burdensome effects of the Government Pension Offset and the Windfall Elimination Provision of the Social Security Act. Sponsor: CTA, United Teachers of Los Angeles	Resolution Chapter 65, Statutes of 2003
SB 269 (Soto) Intro 2/18/03	Management Compensation	Allows the board and the California Public Employees' Retirement System's Board of Administration to set salary levels and performance standards for the positions of Chief Executive Officer, System Actuary, Chief Investment Officer and investment managers. Also restricts individuals employed in these positions for less than five years from being paid to influence the actions of the retirement system, or decisions of its governing board, for two years following the end of their employment with the retirement system.	Chapter 856, Statutes of 2003
SB 627 (PE&R) Intro 2/21/03	CalSTRS Technical Housekeeping	Makes various grammatical, technical and conforming changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Sponsor: CalSTRS	Chapter 859, Statutes of 2003
SBX1 20 (Budget & Fiscal Review) Intro 3/3/03	Supplemental Benefit Maintenance Account	Reduces the General Fund transfer to the SBMA by $500 million for the 2003–04 fiscal year. Also requires the board, beginning in 2006 and based on an actuarial valuation, to report to the Legislature and the Director of Finance every four years on whether the full 80 percent purchasing power payment could still be maintained through June 30, 2036, despite the loss of the contributions. If the board determines prior to July 1, 2036, that the loss of $500 million in contributions results in its inability to sustain the current program through 2035–36, then, subject to certification by the Director of Finance, the $500 million, plus interest, will be repaid the following year.	Chapter 6, Statutes of 2003

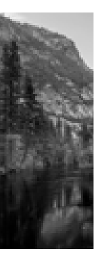
2003 State Legislation (2003–04 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SCR 11 (Soto) Intro 2/18/03	Affordable HIV and AIDS Drugs	Encourages state and local public retirement systems to urge drug companies to make HIV and AIDS drugs affordable to patients in less developed countries. Also makes findings regarding the effects of the HIV and AIDS pandemic in Africa and the insufficiency of pharmaceutical manufacturers' response. Sponsor: AIDS Care Foundation of Los Angeles	Chapter 111, Statutes of 2003



2002 State Legislation (2001–02 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 131 (Corbett) Intro 1/22/01	Federal Tax Law Conformity	Conforms California law to the rollover and service credit purchase provisions of the federal Economic Growth and Tax Relief Reconciliation Act of 2001. Permits members retiring in 2002 to purchase service credit with newly authorized rollover funds. Sponsor: California Chiropractic Association	Chapter 30, Statutes of 2002
AB 979 (Cedillo) Intro 2/23/01	Members Called To Active Military Duty	Would have exempted members of the DB Program and the CB Benefit Program called to active military duty between September 11, 2001, and July 20, 2005, from paying the required member contributions for up to one year and receive retirement benefits for their military service. Sponsor: California School Employees Association, Service Employees International Union	Died in Assembly
AB 1122 (Corbett) Intro 2/23/01	Federal Tax Law Conformity	Among other things, conforms California law to the retirement plan provisions of the EGTRRA. Sponsor: Franchise Tax Board	Chapter 35, Statutes of 2002
AB 1710 (Negrete McLeod) Intro 3/7/01	Community College District Alternative Retirement Plan Offering	Would have required community college districts to offer an alternative retirement plan and Social Security to all part-time employees. Alternative retirement plans would impose a minimum employer contribution of 4 percent of the employee's salary and a minimum total contribution rate of 8 percent. Sponsor: FACCC	Governor Veto (9/30/02)
AB 1743 (Campbell) Intro 1/7/02	Federal Tax Law Conformity	Among other things, would have conformed California law to the retirement plan provisions of the federal EGTRRA.	Died in Assembly
AB 1744 (Corbett) Intro 1/7/02	Federal Tax Law Conformity	Would have conformed California law to the rollover and service credit purchase provisions of the EGTRRA. Permits members retiring in 2002 to purchase service credit with newly authorized rollover funds.	Died in Assembly
AB 1975 (Koretz) Intro 2/14/02	Leaves Of Absence	Would have required community college districts to grant paid leaves of absence, with benefits, to one community college employee per campus who serves as staff of an employee organization. Sponsor: CFT	Governor Veto (9/28/02)



2002 State Legislation (2001–02 Legislative Session)

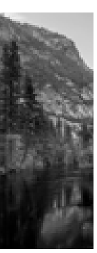
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1995 (Correa) Intro 2/15/02	Corporate Accountancy	Would have prohibited California accountants from certifying corporate financial statements if their accounting firm performs nonaudit services for the firm's client, other than tax preparation and SEC document review.	Died in Assembly
AB 2137 (Lowenthal) Intro 2/20/02	Additional Years of Service Credit	Would have provided two additional years of service credit, at employer expense, to specified members with National Board certification who perform three years of service credit after January 1, 2003, in a low performing school.	Died in Assembly
AB 2174 (Lowenthal) Intro 2/20/02	Age Factor of New Members	Would have changed age factors for new members to factors that are actuarially adjusted.	Died in Assembly
AB 2451 (Salinas) Intro 2/21/02	Unused Sick Leave	Would have permitted part-time community college employees to have value of unused sick leave at the time of retirement credited, at employer expense, to their existing alternative retirement plan account, or CB Benefit Program account. Sponsor: FACCC	Governor Veto (9/29/02)
AB 2506 (Steinberg) Intro 2/21/02	403(b) Investment Options	Establishes a 403(b) registration program in CalSTRS that provides information on 403(b) investment options on the CalSTRS Web site. Sponsor: United Teachers Los Angeles	Chapter 1095, Statutes of 2002
AB 2646 (Liu) Intro 2/22/02	Medicare Part B	Would have required CalSTRS to pay Medicare Part B premiums. Sponsor: ACSA, CFT, CTA, FACCC	Died in Assembly
AB 2767 (Pavley) Intro 2/25/02	Social Security	Would have required Department of Education to conduct a study by July 1, 2004, on the WEP and GPO of Social Security.	Died in Senate
AB 2970 (Wayne) Intro 2/25/02	Independent Auditors	Requires a one-year cooling-off period before an independent auditor may accept a senior-management job with a former audit client.	Chapter 232, Statutes of 2002
AB 2982 (PER&SS) Intro 2/28/02	Calstrs Technical Housekeeping	Makes a variety of technical and conforming changes to the Teachers' Retirement Law to improve system administration. Sponsor: CalSTRS	Chapter 375, Statutes of 2002

2002 State Legislation (2001–02 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
ACR 55 (Migden) Intro 4/16/01	HIV/AIDS Drug Costs	Would have encouraged California's public employee retirement systems to support shareholder resolutions to reduce HIV and AIDS drug costs in less-developed countries.	Died in Assembly
AJR 6 (Canciamilla) Intro 3/5/01	Federal Retirement Security and Savings Act	Requests that Congress enact legislation similar to last year's H.R. 1102 to raise contribution limits and expand pension portability among various types of public and private pension plans. Sponsor: State Association of County Retirement Systems	Resolution Chapter 121, Statutes of 2002
SB 461 (Torlakson) Intro 2/22/01	Prescription Drug Coverage	Would have required CalSTRS to provide high deductible coverage for prescription drugs to retired members of the DB Program with unspecified minimum levels of credited service. Sponsor: ACSA, CTA	Died in Assembly
SB 657 (Scott) Intro 2/23/01	Federal Tax Law Conformity	Among other things, conforms California law to the retirement plan provisions of the federal EGTRRA. Sponsor: Franchise Tax Board	Chapter 34, Statutes of 2002
SB 728 (Machado) Intro 2/23/01	State Employee Members of CalSTRS	Ratifies collective bargaining agreements and temporarily reduces member contributions rates to specified state members of CalSTRS and CalPERS. Sponsor: Department of Personnel Administration	Chapter 14, Statutes of 2002
SB 1020 (Escutia) Intro 2/23/01	Increased School Year	Would have offered fiscal incentives to schools to increase the school year in grades seven and eight and either grade six or nine by 20 days, or other specified days and hours for year-round schools.	Died in Assembly
SB 1256 (Brulte) Intro 1/9/02	Federal Tax Law Conformity	Among other things, would have conformed California law to the retirement plan provisions of the federal EGTRRA.	Died in Senate
SB 1315 (Sher) Intro 1/24/02	Prescription Drug Purchasing Pool	Requires specified agencies to join a statewide pool to purchase prescription drugs at a reduced cost and permits other state agencies, such as CalSTRS, to participate in the pool. Sponsor: California Public Interest Research Group	Chapter 483, Statutes of 2002
SB 1318 (Karnette) Intro 1/24/02	Employer-Paid Member Contributions	Allows an employer to pay all or part of a member's contributions to the DB and DBS programs. Sponsor: United Teachers Los Angeles	Chapter 115, Statutes of 2002

2002 State Legislation (2001–02 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1527 (Burton) Intro 2/20/02	Accountants	Would have required a California accountancy firm to certify that it will not perform nonaudit services for a publicly traded audit client, other than tax preparation and SEC document review.	Died in Assembly
SB 1580 (Burton) Intro 2/20/02	Teachers' Retirement Board	Requires three members of the board who currently are appointed by the Governor to represent active CalSTRS members to be elected by the membership. Requires all Governor appointments be approved by the Senate. Sponsor: CFT	Chapter 1049, Statutes of 2002
SB 1746 (Polanco) Intro 2/21/02	Elected Officials as Appointees To Public Retirement Boards	Expresses legislative intent to permit an elected official of a local agency to be appointed to a California public retirement board if the specified requirements are met. Sponsor: Author	Chapter 289, Statutes of 2002
SB 1983 (Soto) Intro 2/22/02	Options 6 & 7	Modifies Options 6 and 7, changes calculation of postretirement earnings limits and authorizes CalSTRS' investments in employer surplus and real property. Sponsor: CalSTRS, CTA	Chapter 903, Statutes of 2002
SCA 2 (Burton) Intro 1/23/01	Annual Budget Act	Would have required CalSTRS and CalPERS support expenditures be approved in the annual Budget Act beginning in 2003–04 and authorizes the Governor and Legislature to request an independent actuarial review of CalSTRS and CalPERS.	Died in Senate
SJR 9 (Costa) Intro 3/7/02	Investments in Foreign Business	Would have requested that Congress identify and prohibit investments in foreign businesses that threaten U.S. national security interests.	Died in Senate
SR 22 (Dunn) Intro 9/14/01	Investments in Wholesale Energy	Would have requested that each state agency, including CalSTRS, determine whether to continue investing in any wholesale energy-related business that has refused to comply with a subpoena issued by a specified Senate Select Committee.	Died in Senate

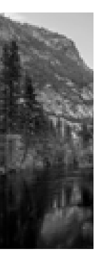


2001 State Legislation (2001–02 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 135 (Havice) Intro 1/23/01	Purchasing Power Protection	Increases purchasing power protection from 75 percent to 80 percent. Sponsor: ACSA	Chapter 840, Statutes of 2001
AB 607 (Negrete McLeod) Intro 2/22/01	Career Factor	Would have increased current 2.4 percent limit on combined age factor and career factor for members who retire on or after January 1, 2002, to 2.6 percent.	Died in Assembly
AB 649 (Negrete McLeod) Intro 2/22/01	Alternative Retirement Plans for Part-Time Community College Employees	In previous version, required community college districts to offer Social Security coverage and an alternative retirement plan to their part-time employees and allows part-time classified community college employees to participate in CB Benefit Program, if offered by employer. Provisions deleted and replaced with provisions to ratify memorandum of understanding between the state and state employees. Sponsor: Department of Personnel Administration	Chapter 364, Statutes of 2001; effective 9/27/01
AB 804 (Education) Intro 2/22/01	Notification of CBEST Requirements	Requires that the board notify members about the time constraints and possible requirements for passing the California basic educational skills test if the individual wants to return to the classroom after 39 months. Sponsor: Department of Education	Chapter 734, Statutes of 2001
AB 906 (Salinas) Intro 2/23/01	Contribution Rates	Provides legislative ratification of collective bargaining agreements reached between the state and Bargaining Units 10, 12, 13, 16, 18 and 19 and includes benefit enhancements for specified state employees not represented by an employee organization. Sponsor: Department of Personnel Administration	Chapter 365, Statutes of 2001; effective 9/27/01
AJR 3 (Leonard) Intro 2/16/01	Repeal of the Social Security GPO and WEP	Requests that Congress repeal the Government Pension Offset and the Windfall Elimination Provision on Social Security benefits. Sponsor: CFT	Resolution Chapter 66, Statutes of 2001
SB 165 (O'Connell) Intro 2/1/01	Election of CalPERS or CalSTRS Membership	Permits a vested member of CalPERS not employed in an education-related position who accepts employment to perform creditable service covered by the DB Program, to elect to be excluded from CalSTRS and retain membership in CalPERS. Sponsor: ACSA	Chapter 77, Statutes of 2001

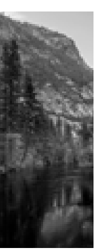
2001 State Legislation (2001–02 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 191 (Karnette) Intro 2/28/01	Retirement and health benefits	Would have required CalSTRS make annual contributions to members' DBS Program accounts until July 1, 2011, based on their years of credited service; pay the Medicare Part B premiums of active and retired DB Program members who are at least 55 years of age; established nominal accounts and credit each with $600 per year to pay healthcare insurance premiums for DB Program members who retired before January 1, 2001. Sponsor: California Legislative Council of Professional Engineers	Died in Senate
SB 334 (Ortiz) Intro 2/20/01	Teachers' Retirement Benefits Following Reinstatement	As an urgency measure, increases benefits for members who retired from service, reinstate and perform creditable service for two years following reinstatement from a prior retirement.	Chapter 800, Statutes of 2001; effective 10/13/01
SB 499 (Soto) Intro 2/22/01	CalSTRS Program Adjustments	Eliminates future education requirements for dependent children receiving a disability or family allowance under Coverage A; increases loan limits for the Home Loan Program; allows DB Program members who were former CB Benefit Program participants to purchase their prior CB service credit.	Chapter 803, Statutes of 2001
SB 501 (PE&R) Intro 2/22/01	CalSTRS Technical Housekeeping	Makes a variety of technical changes to the Teachers' Retirement Law to improve system administration.	Chapter 803, Statutes of 2001
SJR 4 (Soto) Intro 2/21/01	Elimination of the Social Security GPO and WEP	Requests that Congress eliminate the application of the GPO and the WEP on Social Security benefits.	Resolution Chapter 94, Statutes of 2001



2000 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 107 (Knox) Intro 12/22/98	Tobacco Divestment	Would have prohibited new or additional investments in tobacco companies by CalSTRS and CalPERS on and after January 1, 2001 and would have required the divestment of existing tobacco investments by July 1, 2002. Also would have provided indemnification for board members. Sponsor: CFT	Died in Assembly
AB 141 (Knox) Intro 1/11/99	Earnings Limit Exemption	Extends a current exemption from the earnings limitation for retired members of CalSTRS who are employed under specified conditions to fill an administrative position vacated due to circumstances beyond the control of the employer. The extension could equal one-half of a full-time equivalent for the position and applies to the 1999–2000 school year and the 2000–2001 school year through December 31, 2000. Sponsor: California Association of School Business Officials	Chapter 22, Statutes of 2000; effective 6/1/00
AB 429 (Correa) Intro 2/12/99	Ad Hoc Payment	Provides ad hoc increase of between 1 percent and 6 percent to the annual allowance for current benefit recipients. Sponsor: CalSTRS	Chapter 1027, Statutes of 2000
AB 649 (Machado) Intro 2/23/99	Public Pension Reciprocity	Allows CalSTRS members who became employed by the state and eligible for CalPERS membership to elect to retain CalSTRS membership. Sponsor: Department of Personnel Administration	Chapter 402, Statutes of 2000
AB 684 (Honda) Intro 2/23/99	Compounded COLA	Would have changed the annual improvement factor applied to benefit payments from the DB Program from a 2 percent simple cost-of-living adjustment to a 2 percent compounded COLA. Sponsor: CFT	Died in Assembly
AB 816 (PER&SS) Intro 2/24/99	CalSTRS Technical Housekeeping	Makes a variety of technical and conforming changes to the Teachers' Retirement Law. Sponsor: CalSTRS	Chapter 1025, Statutes of 2000

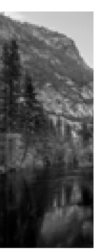


2000 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 820 (PER&SS) Intro 2/24/99	Minor Improvements to the State Teachers' Retirement Plan	Authorizes a CalSTRS member to redeposit a portion of previously refunded contributions; permits purchase of previously excluded service; allows naming of new spouse as an option beneficiary by a retired member receiving a Member-Only Benefit; expands participation in CB Benefit Program by trustees of governing boards. Sponsor: CalRTA, CTA	Chapter 1020, Statutes of 2000
AB 821 (PER&SS) Intro 2/24/99	One-Year Final Compensation	Bases final compensation on the highest average annual compensation earnable by a member during a consecutive 12-month period of employment, rather than highest three consecutive years, for members with at least 25 years of credited service. Sponsor: CFT, CTA, United Teachers Los Angeles	Chapter 1028, Statutes of 2000
AB 1509 (Machado) Intro 2/26/99	Defined Benefit Supplement Program	Requires that 25 percent of the contributions of members of the DB Program be credited for the next 10 years to a separate nominal account in the DBS Program.	Chapter 74, Statutes of 2000
AB 1733 (Wildman) Intro 1/6/00	Earnings Limit Exemption	Temporarily eliminates earnings limit exemption for members who return to work more than one year after retirement and increases limitation for other retired members. Sponsor: CTA	Chapter 896, Statutes of 2000
AB 1736 (Ducheny) Intro 1/6/01	Earnings Limit Exemption	Increases the earnings limit to $22,000 and eliminates the postretirement earnings limitation requirement until 2008 for members who return to work after at least one year of retirement.	Chapter 351, Statutes of 2000
AB 1933 (Strom-Martin) Intro 2/15/00	Longevity Bonus	Pays a longevity bonus of $200 to $400 per month for members who retire after 2000 and accrue at least 30 years of credited service by 2011. Sponsor: CTA	Chapter 1029, Statutes of 2000
AB 2118 (Bock) Intro 2/22/00	CalSTRS and CalPERS Merger Study	Would have required CalSTRS and CalPERS to prepare and submit a report to the Legislature on the consequences of a merger of the systems.	Died in Senate

2000 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2201 (Honda) Intro 2/24/01	Final Compensation, Purchasing Power, Board Elections	Would have calculated final compensation on the highest 12 consecutive months; increased the retirement formula to 2 percent at age 55, provided a compounded COLA, increased purchasing power protection from 75 percent to 80 percent; and required the election of board members to the board. Sponsor: CTA	Died in Assembly
AB 2383 (Keeley) Intro 2/24/00	PEMHCA Eligibility, Health Benefits Study	Expands eligibility under the Public Employees Medical and Hospital Care Act to authorize contracting agencies and school employers to include certain part-time employees in coverage. Also requires CalSTRS to report on specified health benefits by April 1, 2001. Sponsor: CalSTRS	Chapter 874, Statutes of 2000
AB 2456 (Wright) Intro 2/24/00	Lump-Sum Payments	Allows members of the DB Program to elect to receive a lump-sum payment and a reduced monthly allowance for those who retire on or after January 1, 2002 and before 2011. Sponsor: FACCC	Chapter 897, Statutes of 2000
AB 2700 (Lempert) Intro 2/25/00	Creditable Compensation	Makes all compensation for creditable service creditable to CalSTRS and credits member and employer contributions for service in excess of 1.000 years of service per school year to the DBS Program. Sponsor: CalSTRS	Chapter 1021, Statutes of 2000; effective 1/1/02 & 7/1/02
AB 2745 (Kaloogian) Intro 2/25/00	Investments	Would have required CalSTRS and CalPERS to investigate and report to the Legislature with respect to investments in foreign companies that pose a threat to national security.	Died in Assembly
AB 2839 (Firebaugh) Intro 3/2/00	CalSTRS Retirement Formula	Would have increased the retirement formula to 2 percent at age 55, for CalSTRS members who retire on or after January 1, 2001. Sponsor: CFT	Died in Assembly
SB 39 (Baca) Intro 12/7/98	Career Bonus Benefit Enhancement	Would have increased the career bonus for members with 29 or more years of credited service who retire on or after January 1, 2000. Sponsor: CTA	Died in Senate

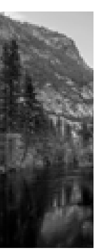


2000 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 318 (Burton) Intro 2/8/99	Repeal of Multiple Employer Restriction in Cash Balance Benefit Program	Would have repealed provisions of current law that prohibit a member of the DB Program employed to perform less than 50 percent of the full-time equivalent for more than one employer from electing to participate in CB Benefit Program unless all of that member's employers participate in CB Benefit Program. Sponsor: CalSTRS	Died in Senate
SB 473 (Ortiz) Intro 2/17/99	Employer Purchase of Nonqualified Service Credit	Would have authorized a school district, community college district, or county office of education to pay all or part of a member's costs for nonqualified service credit. Sponsor: CalSTRS	Died in Senate
SB 1435 (Johnston) Intro 2/7/00	Health Benefits	Requires CalSTRS pay the premium of Medicare Part A for retired members of the DB Program not otherwise eligible for coverage without payment of premium. Sponsor: CalSTRS	Chapter 1032, Statutes of 2000
SB 1505 (Burton) Intro 2/15/00	Minimum Allowance Extension	Extends eligibility for the minimum guaranteed allowance paid to CalSTRS members, their option beneficiaries and surviving spouses, in varying amounts according to the member's years of credited service.	Chapter 1026, Statutes of 2000; effective 6/1/00
SB 1666 (Alarcon) Intro 2/22/00	Earnings Limit Exemption	Exempts from the earnings limit a member who retires for service on or before January 1, 2000, if the member returns to provide direct classroom instruction to pupils in K–12, or to provide support to new teachers, individuals completing student teaching assignments, or participating in the Pre-Internship Teaching Program, an alternative certification program, or the School Paraprofessional Teacher Training Program.	Chapter 70, Statutes of 2000
SB 1692 (Ortiz) Intro 2/22/00	Return to Service	Would have enhanced retirement benefits for retirees who reinstate for one year and re-retire. Sponsor: CalRTA, CTA, CFT, Faculty Attempting to Improve Retirement	Governor Veto (9/28/00)

2000 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1693 (Ortiz) Intro 2/22/00	Purchasing Power	Would have increased purchasing power protection payments from 75 percent of the initial allowance to 80 percent. Sponsor: CalRTA, Association of Retired Teachers, CTA, CFT	Died in Senate
SB 1694 (Ortiz) Intro 2/22/00	Election of CalPERS or CalSTRS Membership	Permits state members of CalPERS who perform service creditable to CalSTRS to remain in CalPERS; permits CalSTRS members who work for the state to remain in CalSTRS. Sponsor: State Department of Education	Chapter 880, Statutes of 2000
SB 1928 (Haynes) Intro 2/24/00	Investments	Would have required CalSTRS and CalPERS to investigate and report to the Legislature with respect to investments in foreign companies that pose a threat to national security. Sponsor: Author	Died in Assembly
SB 2105 (Lewis) Intro 2/25/00	Reporting for Charter Schools	Requires a school district or county office of education, as a chartering authority, to create any reports required of a charter school by CalSTRS or CalPERS.	Chapter 466, Statutes of 2000
SB 2122 (Ortiz) Intro 2/25/00	Investment Information	Encourages CalSTRS and CalPERS to cooperate and share information developing investment strategies and specifies that the confidential information and documents of each system will be preserved in the process. Sponsor: State Controller Kathleen Connell	Chapter 320, Statutes of 2000
SCA 16 (Burton) Intro 3/6/00	Budgetary Authority	Would have required that CalSTRS and CalPERS administrative and personnel budgets be approved in the annual Budget Act and authorized the Governor or the Legislature, once every five years, to cause an independent actuarial review to be conducted of CalSTRS.	Died in Senate



1999 State Legislation (1999–00 Legislative Session)

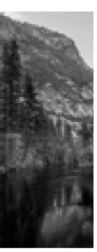
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 29 (Pacheco) Intro 12/7/98	Suspension and Expulsion of Pupils	In its original form, would have provided an exemption to the earnings limit for retired teachers returning to work to meet the objectives of the proposed Grade 10 Class Size Reduction Program established in the bill.	Provisions applicable to CalSTRS deleted
AB 81 (Cuneen) Intro 12/9/98	Income Tax Credits; Donation of Teachers to High Schools; Open Enrollment Spaces in Company-Sponsored Classes	Would have authorized a 50 percent tax credit through 2003 for taxpayers for qualified expenses incurred in lending qualified employees to public high schools, community colleges, or vocation institutions for the purpose of teaching math and science. Sponsor: Semiconductor Equipment Manufacturing International	Died in Assembly
AB 311 (Honda) Intro 2/8/99	Teachers' Retirement Board	Would have revised the composition of the board to require five members of the board to be elected, at an election provided for by the board, by the members of the group to which they belong for four-year terms. The terms would have commenced on January 1, 2001, or on January 1, 2002. Sponsor: CTA	Governor Veto (10/10/99)
AB 335 (Mazzoni) Intro 2/11/99	CalSTRS Earnings Limit Waiver for Class Size Reduction	Clarifies and conforms the existing earnings limitation exemption for retired teachers who returned to the classroom as a result of the K–3 Class Size Reduction Program to include the recently authorized Grade 9 Class Size Reduction Program and the future expansions of the Class Size Reduction Programs authorized by Part 28 of the Education Code. Sponsor: CalSTRS	Chapter 40, Statutes of 1999
AB 596 (Honda) Intro 2/19/99	Purchase of Service Credit	Member purchase of credit for Peace Corps and VISTA service.	Provisions applicable to CalSTRS deleted
AB 724 (Dutra) Intro 2/24/99	Y2K Remediation by State Agencies	Y2K remediation by state agencies.	Provisions applicable to CalSTRS deleted

1999 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 819 (PER&SS) Intro 2/24/99	Internal Revenue Code 415 compliance	Establishes the Replacement Benefits Program in compliance with federal law; rescinds the election CalSTRS made exempting certain members from existing federal limitations on benefit payments; requires CalSTRS to restore benefits to certain members previously limited by federal law. Sponsor: CalSTRS	Chapter 465, Statutes of 1999
ABX1 12 (Runner) Intro 1/19/99	Rule of 85	Would have permitted a member of CalSTRS to retire for service on or after July 1, 2000, at age 55 or older without age-related allowance reduction if the sum of the member's age and credited service is at least 85.	Died in Assembly
AJR 9 (Correa, et al.) Intro 3/3/99	Mandatory Social Security	Encourages the U.S. Congress and President to exclude state and local employees from mandatory social security. Sponsor: CalSTRS	Resolution Chapter 40, Statutes of 1999
SB 73 (Murray) Intro 12/9/98	State contracts	State contracts; participation goals for small businesses (amended to exclude CalSTRS).	Governor Veto (10/10/99)
SB 105 (Burton) Intro 12/10/98	CalSTRS and CalPERS; Investments in Northern Ireland	Requires CalSTRS and CalPERS to investigate the extent to which the U.S. and international corporations operate in Northern Ireland. Sponsor: Author	Chapter 341, Statutes of 1999
SB 159 (Johnston) Intro 1/7/99	CalSTRS Health Care Benefits	Requires CalSTRS to develop a program to provide health benefits for members, beneficiaries, children and dependent parents and appropriates $625,000 to develop the program. Sponsor: CalSTRS	Chapter 740, Statutes of 1999
SB 437 (Rainey) Intro 2/16/99	Restoration of Surviving Spouse Benefits Due to Remarriage	Restores benefits paid to a surviving spouse of a deceased member of CalSTRS if the surviving spouse previously lost entitlement to survivor benefits due to remarriage, prior to October 16, 1992. Sponsor: Author	Chapter 432, Statutes of 1999
SB 713 (Burton) Intro 2/24/99	CalSTRS Minimum Allowance for Career Members	Establishes minimum annual allowances payable to specified retired members of CalSTRS, their option beneficiaries and surviving spouses in varied amounts according to the member's years of credited service. Sponsor: CalSTRS	Chapter 632, Statutes of 1999

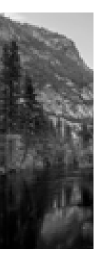
1999 State Legislation (1999–00 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 833 (Ortiz) Intro 2/25/99	Application of 1999 Enhanced Benefits to Existing Retired Members	Would have provided to CalSTRS members who retired in 1998 or received their first check in 1998, the benefit enhancements currently available to members who retired after 1999; would have increased the benefits of those members who are currently retired, but return to service for one year and whose total credited service equals or exceeds 30 years to reflect the career bonus in their entire allowance. Sponsor: CalRTA, Association of Retired Teachers, CTA, CFT, United Teachers Los Angeles, Faculty Attempting to Improve Retirement, FACCC, ACSA	Governor Veto (10/10/99)
SB 1074 (PE&R) Intro 2/26/99	CalSTRS Technical Housekeeping	Makes various technical and conforming changes to the Teachers' Retirement Law. Sponsor: CalSTRS	Chapter 939, Statutes of 1999
SB 1245 (Hayden) Intro 2/26/99	CalSTRS and CalPERS: Investments in Corporations Owing Compensation for Using Slave or Forced Labor in WWII	Authorizes any World War II slave labor or forced labor victim, or heir of the victim, to bring a court action in California to recover compensation for labor performed against any entity or successor in interest who received the benefit of that labor; requires CalSTRS to monitor and report until December 31, 2010, on investments in companies that do business in California that owe compensation to victims of slave labor from 1929 to 1945.	Chapter 216, Statutes of 1999



1998 State Legislation (1997–98 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 88 (Baca) Intro 12/30/96	Rule of 85	Would have allowed a member of CalSTRS, who is 55 years of age or older, to retire on or after July 1, 1998, with full retirement benefits if the member's age plus years of service credit equals or exceeds 85.	Governor Veto (9/13/98)
AB 884 (Honda) Intro 2/27/97	Compounded Annual Benefit Adjustment	Would have required the 2 percent annual benefit adjustment applied to benefit payments from the DB Program be compounded, beginning September 1, 1999.	Died in Senate
AB 1102 (Knox) Intro 2/27/97	Service Credit (Unused Sick Leave); Career Factor	Extends eligibility to receive credit at retirement for unused sick leave to members of the CalSTRS DB program who became members on and after July 1, 1980, and who retire on or after January 1, 1998; eliminates the restriction that currently prohibits a CalSTRS member who reinstates from service retirement from receiving credit at a subsequent retirement for unused sick leave accrued after termination of the original retirement; increases the age factor for members retiring on or after January 1, 1999, with 30 or more years of service by two-tenths of one percentage point.	Chapter 1006, Statutes of 1998
AB 1150 (Prenter) Intro 2/28/97	CalSTRS Benefits	Incrementally increased the age factor from 2 percent at age 60 to 2.4 percent at age 63.	Chapter 966, Statutes of 1998
AB 1166 (House) Intro 2/28/97	Community College Counselors and Librarians, Part Time and Adult Education	Establishes a minimum standard of 175 days or 1,050 hours for full-time service and compensation for California community college counselors and librarians; modifies the minimum standard service for adult education programs, and part-time credit and adult education community college instructors.	Chapter 678, Statutes of 1998



1998 State Legislation (1997–98 Legislative Session)

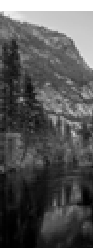
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1744 (Knox, et al.) Intro 2/3/98	Tobacco Investments	Would have: prohibited new or additional investments by CalSTRS and CalPERS in tobacco companies on and after January 1, 1999; required phased divestment of one-third of current holdings each year beginning January 1, 2000, and continuing until January 1, 2002; required the board to make specified investment valuations at specified intervals; declare that specified results of such valuations be considered as a normal cost deficit pursuant to Section 22955 (Elder Full Funding); required both CalSTRS and CalPERS to report to the Legislature on or after January 1, 2002, regarding the effect of the divestiture on employer contribution rates; also would have provided indemnification for board members and their agents and employees in the event of lawsuit.	Died in Assembly
AB 2765 (PER&SS) Intro 2/26/98	CalSTRS Technical Housekeeping	Makes various technical and conforming changes to the Teachers' Retirement Law. Extends the sunset date on earnings exemption for retirees teaching in class size reduction. Deletes requirement for quarterly asset reports to the Legislature. Extends the sunset date to January 1, 2005, for electing Medicare coverage.	Chapter 965, Statutes of 1998
AB 2766 (PER&SS) Intro 2/26/98	Final Compensation for LAUSD	Would have revised the definition of final compensation for specified LAUSD members who retired in the early 1990s. Funding would have been provided by LAUSD.	Died in Senate
AB 2804 (PER&SS) Intro 3/12/98	Public Retirement Systems Benefits	Reamortizes the unfunded liability over 30 years; provides 65 percent of Elder Full Funding to pay for benefits.	Chapter 967, Statutes of 1998
SB 1021 (PE&R) Intro 2/27/97	Federal Compliance; Pension Simplification	Brings CalSTRS into compliance with federal changes applicable to the DB Program enacted by Congress under the Pension Simplification Act of 1996 and Taxpayers Relief Act of 1997. Sponsor: CalPERS	Chapter 1074, Statutes of 1998
SB 1486 (Rainey) Intro 2/4/98	CalSTRS Benefits	Under specified circumstances, authorizes retired members to designate a spouse as their new option beneficiary.	Chapter 262, Statutes of 1998

1998 State Legislation (1997–98 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1528 (Schiff) Intro 2/10/98	CalSTRS Health Insurance	Authorizes the board to study providing health care benefits to members and families. Sponsor: CalRTA	Chapter 968, Statutes of 1998
SB 1945 (Karnette) Intro 2/19/98	CalSTRS Benefits	Establishes 100 percent financing in the Member Home Loan Program. Sponsor: Author, CalSTRS	Chapter 419, Statutes of 1998
SB 2047 (Lewis) Intro 2/20/98	CalSTRS Benefits	Adds Option 8 to allow for multiple option beneficiaries and modifies existing options, as specified. Sponsor: Author, CalSTRS	Chapter 349, Statutes of 1998
SB 2085 (Burton) Intro 2/20/98	CalSTRS Cash Balance Program	Merges the CalSTRS Cash Balance and Defined Benefit plans and renames both plans the State Teachers' Retirement Plan; deletes the Cash Balance Fund and requires contributions, earnings and any other amounts provided under the Cash Balance Plan to be deposited in the Teachers' Retirement Fund; also deletes the Cash Balance Plan Expense Account and authorizes all administrative costs of the CB Benefit Program from the Teachers' Retirement Fund. Pursuant to the merger, the $1 million loan from the Defined Benefit Plan for the initial phase of the Cash Balance Plan is discharged.	Chapter 1048, Statutes of 1998
SB 2126 (PE&R) Intro 2/20/98	CalSTRS Benefits	Modifies SB 1027 of 1997 regarding the purchase of permissive and out-of-state service credit, as specified; permits the purchase of nonqualified service. Sponsor: CalSTRS	Chapter 1076, Statutes of 1998
SB 2224 (Alpert) Intro 2/20/98	CalSTRS Benefits	Provides for the return to a Member-Only Benefit for certain members, as specified. Sponsor: California Retired Teachers Association	Chapter 832, Statutes of 1998

1997 State Legislation (1997–98 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 18 (Mazzoni, et al.) Intro 12/2/96	Class Size Reduction; Earnings Limit Exemption	As an urgency measure, allows the earnings limitation exemption enacted by Chapter 948, Statutes of 1996 to become operative.	Chapter 1, Statutes of 1997; retroactive to 7/1/96
AB 206 (Hertzberg) Intro 2/4/97	Citizen Complaints to the State via the Internet	Requires state agencies to make available on their websites, on or before July 1, 1998, a plain-language form through which California residents can register complaints relating to the performance of that agency and requires agencies to provide certain information.	Chapter 416, Statutes of 1997
AB 373 (Morrissey) Intro 2/4/97	Extension of Postretirement Earnings Limit Exemption (Retirement Incentive Program)	Extends eligibility for an exemption from the postretirement earnings limitation to retired members who received additional service credit at retirement under the retirement incentive provisions, subject only to a one-year waiting period. Sponsor: Orange County Department of Education	Merged with AB 686; Chapter 572, Statutes of 1997
AB 686 (Baugh) Intro 2/26/97	Establish Classification of Special Education Instructors; Extension of Postretirement Earnings Limit Exemption (Retirement Incentive Program)	Provides authority for any County Office of Education, under specified circumstances, to establish two classes of employees for members of the DB Program who are employed in a special education program, as determined by the number of days required of employees in each class for full-time service; extends eligibility for an exemption from the postretirement earnings limitation to retired members who received additional service credit at retirement under the retirement incentive provisions, subject only to a one-year waiting period. Sponsor: Orange County Department of Education	Chapter 572, Statutes of 1997
AB 884 (Honda) Intro 2/27/97	Compounded Annual Benefit Adjustment	Would have revised compounding of annual benefit adjustment applied to benefit payments from the DB Program shall be compounded. Sponsor: California Federation of Teachers	Died in Senate
AB 885 (Honda) Intro 2/27/97	Teachers' Retirement Board	Would have required that the four teacher members of the board be elected by their respective constituencies, rather than appointed by the Governor. Sponsor: CTA	Governor Veto (9/29/97)

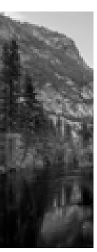


1997 State Legislation (1997–98 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1421 (Lempert) Intro 2/28/97	Nonmember Spouse Final Compensation	Would have required that a nonmember spouse's service retirement allowance be calculated based on the member's earnable compensation as of the effective date of the nonmember spouse's retirement and proposed a similar change to CalPERS law.	Died in Assembly
AB 1597 (PER&SS) Intro 3/20/97	CalSTRS Technical Housekeeping	Would have made various technical and conforming changes to the Teachers' Retirement Law and extended the Retirement Incentive Program to 2004. Note: Due to a chaptering-out problem with SB 629, the Governor vetoed the bill at the author's request. The author agreed to reintroduce the bill next year. If the Governor had signed this legislation, it would have voided-out the provisions contained in SB 629. Sponsor: CalSTRS	Governor Veto (10/10/97); Author agreed to pursue next legislative session
ACR 4 (Perata) Intro 1/13/97	Investments Tobacco Advertisement Restriction	Urges the shareholders of R.J. Reynolds Tobacco Company to vote to discontinue the use of the character Joe Camel in its advertising.	Chapter 91, Statutes of 1997
SB 227 (Solis) Intro 1/30/97	Election of CalSTRS and CalPERS Membership; Chancellor's Office Employee, Change in Status	Permits members of CalSTRS who are employed by a community college district and subsequently become employed by a state agency, as specified, requiring membership in a different retirement system to elect to remain in CalSTRS under specified conditions; similarly allows a member of CalPERS, under specified conditions, to elect to remain in CalPERS; permits specified institutions and organizations to enter into an agreement for the loan or assignment of a Chancellor's Office employee, as specified; provides for specified CalPERS members to elect by March 1, 1998, to return to CalSTRS under certain conditions; requires a member who makes such an election to purchase the CalPERS service—CalPERS would transfer the actuarial present value of the assets of the member to CalSTRS. Sponsor: Chancellor's Office, California Community Colleges	Chapter 838, Statutes of 1997
SB 471 (Burton) Intro 2/19/97	CalSTRS Technical Housekeeping	Makes minor technical changes to the definition of "compensation" and related technical changes to other sections of the Teachers' Retirement Law. Sponsor: CalSTRS	Chapter 482, Statutes of 1997

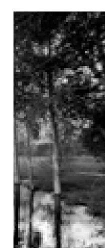
1997 State Legislation (1997–98 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 629 (Karnette) Intro 2/25/97	Expand Disability Benefits	Expands eligibility for disability benefits by eliminating the minimum service credit requirement for members applying for a disability allowance or disability retirement because they were a victim of an unlawful act of bodily injury while performing their official duties. Sponsor: United Teachers Los Angeles	Chapter 386, Statutes of 1997
SB 1026 (Schiff) Intro 2/27/97	75% Purchasing Power Protection	Provides purchasing power protection of up to 75 percent of the benefit recipient's original purchasing power from the 2.5 percent annual General Fund contribution for as long as it could support that level of funding; allows the board to transfer funds from the TRF, increase employer contributions and decrease the benefit when the 2.5 percent annual General Fund contribution is insufficient to support 75 percent purchasing power. Sponsor: CalRTA, Association of Retired Teachers, CTA, CFT	Chapter 939, Statutes of 1997
SB 1027 (Schiff) Intro 2/27/97	Member Redeposit of Nonmember Spouse Refund; Out-of-State Service Credit	Authorizes members of CalSTRS to redeposit contributions withdrawn by a nonmember spouse and purchase additional service credit for out-of-state public school employment without any date restriction. Sponsor: CalSTRS	Chapter 569, Statutes of 1997



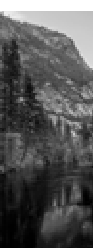
1996 State Legislation (1995–96 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 166 (Cannella) Intro 1/19/95	Medicare	Extends to July 1, 1999, the current bargaining window for CalSTRS-covered employees to elect Medicare coverage. Repeals the provision on January 1, 2000. Includes urgency provision. Sponsor: CTA	Chapter 318, Statutes of 1996; effective 7/30/96
AB 430 (Cannella) Intro 2/15/95	Options benefit	Would have allowed any member who retired prior to January 1, 1991, under Option 2 or 3 and whose beneficiary died prior to January 1, 1995, and no new option beneficiary has been named by the retired member, to return to the Member-Only Benefit and provides funding for increased program costs. Sponsor: CTA	Died in Assembly
AB 850 (Morrissey) Intro 2/22/95	Federal Tax Compliance	As an urgency measure, adds provisions to the Revenue and Taxation Code that qualified retirement income from sources within California is excluded from the gross income of a nonresident for state income tax purposes. Nonresidents who earn income other than pensions from work in California will still remain subject to tax on their California earnings.	Chapter 506, Statutes of 1996; effective 7/1/96
AB 978 (Thompson) Intro 2/23/95	Education Code Revision	Would have established a 21 member commission on January 1, 1997, to revise the Education Code; repealed effective January 1, 1999, most of Title 1 and 2 of the Education Code regarding elementary and secondary education including the Teachers' Retirement Law contained in Parts 13 and 14 of Title 1; and would have required that the commission submit a recommended revised Education Code to the Legislature by January 1, 1998. Sponsor: Governor's Office of Child Development and Education	Died in Assembly
AB 1068 (Mazzoni) Intro 2/23/95	Class Size Reduction, Postretirement Earnings Limit Exemption	Provides until July 1, 1999, that earnings paid to a member who retired on or before July 1, 1996, and is employed in grades K–12 because of the class size reduction program are exempt from the postretirement earnings limitation. Note: Double-joined with a bill that failed passage. CalSTRS pursued an urgency measure in January 1998 to correct the double-joining problem. Sponsor: Association of Low Wealth Schools	Chapter 948, Statutes of 1996; (never became operative)



1996 State Legislation (1995–96 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1463 (Horcher) Intro 2/24/95	Rule of 85	Would have allowed a member of CalSTRS who is 50 years of age or older to retire on or after July 1, 1996, with full retirement benefits if the member's age plus years of credited service equals or exceeds 85. These provisions would be repealed on January 1, 1999. Sponsor: United Teachers Los Angeles	Died in Assembly
AB 2400 (Miller) Intro 2/16/96	Local Retirement Systems	Deletes specific prohibitions in CalPERS' law regarding classified school employee benefits and allows election of optional benefits and termination of contracts. Note: The provisions that would have impacted CalSTRS were deleted from the bill in the May 14, 1996, amendments. Sponsor: School Services of California, Inc.	Chapter 1164, Statutes of 1996
AB 2673 (Ducheny) Intro 2/22/96	Cash Balance Benefit Program; Technical Housekeeping	As an urgency measure, amends the CB Benefit Program statutes as necessary to facilitate employers' option to offer the program; makes other technical and conforming amendments as appropriate. Note: Enabling legislation was introduced in 1995 as a mandate, but was amended late in that legislative session to allow employers the choice of offering the plan. Sponsor: CalSTRS	Chapter 608, Statutes of 1996; effective 7/1/96
AB 3032 (Burton) Intro 2/23/96	Continued Eligibility for Students, Revision of TRL Definitions	Eliminates the requirement that a dependent child between the ages of 18 or 22 must maintain full-time student status to remain eligible for the child's portion of a disability or family allowance under Coverage A (Provisions sunset 2002); repeals the definition of "compensation" and "salary" and adds a definition of "creditable compensation," making clarifying amendments as appropriate; amends the definition of "class of employees," as specified. Sponsor: CalSTRS	Chapter 1165, Statutes of 1996
AB 3221 (Gallegos) Intro 2/23/96	Election of CalSTRS and CalPERS Membership	Amends provisions specifying the process and time limit for electing membership in CalSTRS or other public school employment under specified conditions; adds provisions requiring employers to inform employees within 10 working days from the date of hire of their right to make an election. Once received and accepted by the retirement system, the election becomes effective as of the first day of employment in the position that qualified the member to make an election. Sponsor: CalSTRS	Chapter 383, Statutes of 1996

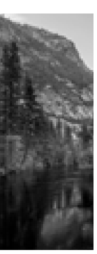


1996 State Legislation (1995–96 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 3252 (Kaloogian) Intro 2/23/96	Establish the PEDCR Plan	Would have established the Public Employees' Defined Contribution Retirement Plan for state and other local public agency employees whose employers elect to participate in the plan; would have specified that the day-to-day administration of the Defined Contribution Plan be contracted out to a private third party administrator and funded by employer and employee contributions. Sponsor: Author	Died in Senate
AB 3332 (Kuehl) Intro 2/23/96	Domestic Partners	Would have added a new chapter to the TRL extending eligibility for CalSTRS benefits currently available to spouses to domestic partners, but only upon a school districts' election to be subject to these provisions. Sponsor: CTA	Died in Committee
AB 3445 (Knox) Intro 2/23/96	Investments: Tobacco Companies	Would have: prohibited new investments of state trust funds in tobacco companies on and after January 1, 1997; required phased divestment of one-third of current holdings each year beginning January 1, 1998, and continuing until January 1, 2000; provided for indemnification for board members and their agents and employees.	Died in Committee
SB 168 (Hughes) Intro 1/30/95	Teachers' Retirement Board	Would have required that the four teacher members of the board be elected by their respective constituencies rather than appointed by the Governor. Sponsor: Association of Retired Teachers, CTA	Bill withdrawn by author
SB 471 (Dills) Intro 2/17/95	Health Insurance	Would have authorized the board to contract for health insurance, including vision and dental care, to members, beneficiaries, children and dependent parents. Sponsor: California Retired Teachers Association	Died in Assembly
SB 747 (Hughes) Intro 2/23/95	Purchasing Power Protection	Would have required the board to include in the Annual Erosion of Purchasing Power Report information on the effect of reducing the annual SBMA loan repayment amount and repaying that loan over 5-, 10- and 15-year periods. Sponsor: Association of Retired Teachers, CalRTA, ACSA	Bill withdrawn by author

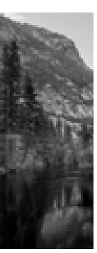
1996 State Legislation (1995–96 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1517 (Johnston) Intro 2/13/96	Federal Tax Compliance	Would have added provisions to the California Revenue and Taxation Code to specify that, for state income tax purposes, qualified retirement income from a source within California would be excluded from the gross income of a nonresident and would bring state statutes into compliance with recently enacted federal law. Note: Bill was amended and no longer impacts CalSTRS.	Inactive File
SB 1658 (Costa) Intro 2/21/96	Options Benefit Survey	Would have required the board to conduct a sample survey to determine the number of members and cost for those who retired before January 1, 1991, with an Option 2 or 3 to return to the Member-Only Benefit if the option beneficiary died prior to January 1, 1995. Note: At the request of the sponsor, the board agreed at its July 1996 meeting to conduct the survey without legislation during 1997. Sponsor: California Retired Teachers Association.	Died in Senate
SB 1877 (Rogers) Intro 2/22/96	Federal Compliance: USERRA	Enacts provisions for CalSTRS, CalPERS and the 1937 Act counties to be in compliance with the federal USERRA. Sponsor: CalPERS, 1937 Act Counties	Chapter 680, Statutes of 1996
SB 2016 (O'Connell) Intro 2/23/96	Compounded 2% Annual Benefit Adjustment	Would have provided that beginning September 1, 1997, the 2 percent annual benefit adjustment applied to CalSTRS benefit payments be compounded. Sponsor: CFT	Died in Senate
SB 2041 (Hughes) Intro 2/23/96	CalSTRS Technical Housekeeping	Makes technical and conforming changes made necessary by enactment of the CB Benefit Program and the new definition of member. Sponsor: CalSTRS	Chapter 634, Statutes of 1996
SB 2095 (Appropriations) Intro 2/23/96	SBMA Settlement	As an urgency measure, appropriates funds, as specified, to the State Board of Control to pay accepted claims. Includes a General Fund appropriation of $540,000 to settle CalSTRS' claim from 1992 relating to interest payments on the SBMA due to late payment. Sponsor: Board of Control	Chapter 487, Statutes of 1996



1996 State Legislation (1995–96 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SJR 27 (Costa) Intro 5/26/95	Sale of Elk Hills	Memorializes the U.S. President and Congress to sell the Elk Hills Naval Petroleum Reserve Numbered 1 while recognizing the state's valid claim to two school land sections within the reserve and compensate California's retired teachers for their 9 percent interest in the reserve upon its sale. Sponsor: CalRTA, SLC	Chapter 68, Statutes of 1996
SR 16 (Killea) Intro 2/16/95	Commission on Corporate Governance	Re-establishes until January 31, 1996, the Commission on Corporate Governance, Shareholder Rights and Securities Transactions to conduct research and make public policy recommendations concerning these subjects.	Adopted (2/1/96)



1995 State Legislation (1995–96 Legislative Session)

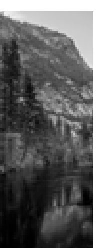
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 107 (Boland) Intro 1/9/95	Los Angeles School District Reorganization	Exempts any city with a population of over 3,000,000 from the requirement that a school district may not be reorganized without the consent of the governing board. Existing law specifies that an action to reorganize a school district may be initiated upon the filing of a petition signed by at least 25 percent of the registered voters residing in the territory to be reorganized. Also provides that a petition may also be filed to reorganize a single district with over 200,000 pupils into several smaller districts if signed by a number of registered voters equal to at least 8 percent of the votes cast for all candidates for Governor at the last gubernatorial election in the territory to be reorganized. Bill was double-joined with Chapter 412 of 1995 (SB 699, Hayden).	Chapter 267, Statutes of 1995
AB 948 (Gallegos) Intro 2/22/95	Postretirement Earnings Limit Exemption; Postretirement creditable Service	As an urgency measure, facilitates the continued administration of school districts faced with financial difficulties by modifying, under limited circumstances, specific provisions of the Education Code to permit the employment of retired CalSTRS members in administrative positions, who have specific experience necessary to ensure or restore the financial stability of a troubled school district; establishes definitions of various employment activities that are considered creditable service and provides that the earnings limitation on postretirement service is applied only to compensation earned from creditable service. Sponsor: CalSTRS, ACSA	Chapter 394, Statutes of 1995; effective 7/1/95
AB 1122 (Cannella) Intro 2/23/95	Minimum Standards for Full-Time Employment	Establishes appropriate minimum standards for full-time employment for all classifications of employees in K–12 and community colleges for crediting service in CalSTRS, while continuing to allow the districts the flexibility to establish specific standards for full-time employment; makes clarifying amendments to existing definitions and adds new definitions to the Education Code as necessary and repeals provisions that are made obsolete by these changes. Sponsor: CalSTRS	Chapter 390, Statutes of 1995; effective 7/1/96

1995 State Legislation (1995–96 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1298 (Ducheny, et al.) Intro 2/23/95	Cash Balance Program	Authorizes CalSTRS to establish a Cash Balance retirement program administered by CalSTRS for part-time public school employees, which employers may elect to provide for persons employed less than half time at a contribution rate that is lower than Social Security tax. Note: The IRS has expressly ruled that the CalSTRS CB Benefit Program qualifies as an alternative retirement plan to Social Security. Sponsor: CalSTRS	Chapter 592, Statutes of 1995
AB 1441 (Davis) Intro 2/24/95	Survivor Benefits, Preretirement Options Modifications	Eliminates the requirement that a surviving spouse of a CalSTRS member under Coverage A must wait until age 60 to receive a monthly allowance; makes age and service requirements for eligibility to make a preretirement election of an option consistent with the requirements for eligibility for retirement; makes the assessment for cancellation of an option more reflective of the actual costs to CalSTRS for providing the coverage the member received. Sponsor: CalSTRS	Chapter 524, Statutes of 1995
SB 699 (Hayden, et al.) Intro 2/22/95	School District Reorganization	Specifies that any reorganization of a school district in a city with a population of more than 3,000,000 persons shall ensure that each new district created meets specified conditions, including the maintenance of the conditions of all collective bargaining agreements until their expirations. Bill was double-joined with Chapter 267 of 1995 (AB 107, Boland).	Chapter 412, Statutes of 1995
SB 791 (Hughes) Intro 2/23/95	Federal Compliance; Eliminates CalSTRS Annual Report Supplement	Amends the Government Code and the Education Code to include a reference to the compensation limit recently mandated by Section 401(a)(17) of the IRC. This requirement limits the annual compensation for the purpose of benefit accruals to $150,000 for each employee under a qualified pension plan for new members hired on and after July 1, 1996; amends the provisions that prescribe the content of the CalSTRS Annual Report and reporting requirements related to CalSTRS investments. Sponsor: CalPERS, CalSTRS, State Association of County Retirement Systems	Chapter 829, Statutes of 1995; effective 7/1/96

1994 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1470 (Cannella) Intro 3/4/93	Additional Years of Service Credit	Would have granted, upon the Governor's executive order, three additional years of service and an additional three years of age to state employees, certain employees of contracting agencies and certain CalSTRS members employed in state agencies. The Governor was not convinced the provisions would save money. According to the proponents, a primary purpose of this bill was to avoid layoffs. Although the theory is that savings would accrue through the replacement of highly compensated senior employees with lower paid employees, experience has proven retirement enhancements to be expensive and costing more than initial estimates. Sponsor: Professional Engineers in California Government, Association of California State Attorneys & Administrative Law Judges, California Association of Highway Patrolmen, California Department of Forestry Employee Association and Orange County Employee Association	Governor Veto (5/20/94)
AB 1527 (Burton, et al.) Intro 3/4/93	Investments in Northern Ireland	Would have required CalSTRS and CalPERS to monitor annually the extent to which companies in Northern Ireland adhere to principles of nondiscrimination and freedom of opportunity in the workplace. The Governor viewed this legislation the same as another bill he vetoed in 1992 stating that with increasing prospects for political settlement in Northern Ireland, it made no sense to enact this proposal. Sponsor: Authors	Governor Veto (9/29/94)
AB 2237 (McDonald) Intro 3/5/93	Investments in South African Bonds	Authorizes any state or local retirement system to invest in rated or unrated bonds, notes, or other instruments guaranteed by the government of South Africa. Note: The provisions are permissive and do not require action by CalSTRS. Sponsor: Author	Chapter 46, Statutes of 1994
AB 2448 (W. Brown, et al.) Intro 1/4/94	Investments: Repeal of South Africa Sanctions	As an urgency measure, repeals existing law that prohibits state trust fund investments in South Africa. Sponsor: Mr. Nelson Mandela, President, African National Congress	Chapter 31, Statutes of 1994; effective 3/31/94

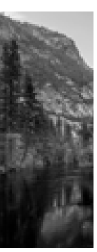


1994 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2512 (Epple) Intro 1/13/94	Extended Service Retirement Formula	Would have provided an incremental increase in the benefit factor of 0.25 of 1 percent per month up to a maximum of 2.3 percent at age 65 for CalSTRS members retiring after June 30, 1995, with 20 or more years of service credit and whose employer elected to provide this benefit. The Governor vetoed a similar bill last year and objected then to any benefit enhancement coming at the expense of classroom resources. Sponsor: CTA	Governor Veto (9/30/94)
AB 2550 (Karnette) Intro 1/19/94	Repeal of Administrative Refund Fee	Repeals law requiring CalSTRS to charge administrative fees for processing member requests for a refund of member contributions; permits certain refunds to be canceled and membership restored. Sponsor: CalSTRS	Chapter 932, Statutes of 1994
AB 2647 (Aguiar) Intro 2/2/94	Adult Education Membership	Allows part-time and substitute instructors in adult education who are currently excluded from membership in CalSTRS to elect membership in the DB Program; requires the employer to return overpaid contributions to the member within 60 days of discovery or notification of the overpayment. Sponsor: California Council for Adult Education	Chapter 507, Statutes of 1994
AB 2648 (Karnette) Intro 2/2/94	Benefit Enhancement Study	Would have required CalSTRS to conduct a study to determine the feasibility of the system to offer certain optional benefit enhancements that members could elect to purchase. The Governor determined that while the bill provides for recovery of the $75,000 appropriation from CalSTRS members receiving a benefit enhancement, there was no assurance that the TRF would be fully reimbursed and so the board agreed to undertake the study using its own resources. Sponsor: California Teachers Association, CalSTRS	Governor Veto (9/15/94)
AB 2862 (Lee) Intro 2/17/94	Investments in Securities by Public Retirement Systems	Would have authorized any public retirement system to invest in securities guaranteed by the African, Asian and Caribbean Development Banks and the Inter American Bank. Sponsor: Author	Died in Senate (6/30/94)

1994 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2916 (O'Connell) Intro 2/17/94	Membership	Would have allowed CalSTRS members who become employed with one of six state agencies in a position represented by Bargaining Unit 21 and requiring membership in CalPERS to elect to remain in CalSTRS by making such election in writing within 30 days of entering the new position. Sponsor: California State Employees Association, Bargaining Unit 21	Governor Veto (9/11/94)
AB 3064 (Morrow) Intro 2/22/94	Tax-Sheltered Annuity Program	Requires CalSTRS to offer a tax sheltered annuity program, as specified. Sponsor: ACSA, CalSTRS	Chapter 291, Statutes of 1994
AB 3171 (Napolitano) Intro 2/23/94	CalSTRS Technical Housekeeping	As an urgency measure, makes various minor, corrective and technical changes to the Teachers' Retirement Law related primarily to the 1993 recodification. Sponsor: CalSTRS	Chapter 933, Statutes of 1994; effective 9/28/94
AB 3407 (PER&SS) Intro 2/24/94	Mid-Career Retirement Planning	Requires CalSTRS to offer a mid-career retirement planning information program for CalSTRS members. Sponsor: Association of California School Administrators, CalSTRS	Chapter 656, Statutes of 1994
AB 3627 (Campbell) Intro 2/25/94	Membership; Insolvent School Districts	Provides that trustees or administrators appointed by the Superintendent of Public Instruction to an insolvent school district, as specified, are members of CalSTRS for the period of the appointment, unless they elect in writing not to become or remain members. Sponsor: Department of Education	Chapter 1002, Statutes of 1994; retroactive to 7/1/93
AB 3705 (PER&SS) Intro 2/25/94	457 Deferred Compensation Plans	Allows CalSTRS to develop one or more deferred compensation plans pursuant to Section 457 of the IRC. Sponsor: California Teachers Association, CalSTRS	Chapter 489, Statutes of 1994



1994 State Legislation (1993–94 Legislative Session)

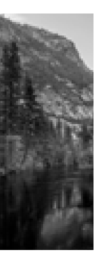
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 3832 (PER&SS) Intro 3/16/94	Full Time Definition	Codifies the definition of “full-time” as a distinct code section, separate from the definition of “compensation earnable.” Sponsor: CalSTRS	Chapter 193, Statutes of 1994
SB 192 (Dills) Intro 2/4/93	Health Benefits Local Public Employees	Would have allowed CalSTRS to offer health benefits to active and retired members. CalSTRS believes that affordable health benefits coverage is an integral part of a secure retirement and is in concert with its primary responsibility to provide retirement program services to its members. Sponsor: CalRTA	Governor Veto (9/30/94)
SB 277 (Hughes) Intro 2/12/93	Teachers’ Retirement Board	Would have required that the four teacher members of the board be elected by their respective constituencies rather than appointed by the Governor. Sponsor: Association of Retired Teachers	Governor Veto (9/25/94)
SB 586 (Hughes) Intro 3/1/93	75% Purchasing Power Protection	Restates the intent of the state to ensure a minimum purchasing power of 75 percent of the initial retirement allowance and specifies possible revenues; requires CalSTRS to annually report return on investments and actual total salaries; and requires the Controller to adjust the ad hoc minimum guarantee contribution to CalSTRS once actual payroll is determined. Sponsor: CalRTA	Chapter 858, Statutes of 1994

1994 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 858 (PE&R) Intro 3/4/93	Golden Handshake	Reestablishes the Golden Handshake additional two years service credit program operative March 30, 1994, through December 31, 1998. Sponsor: CalSTRS	Chapter 20, Statutes of 1994; effective 3/16/94
SB 1285 (Watson) Intro 1/6/94	Investments in South Africa	As an urgency measure, repeals existing law that prohibits state trust fund investments in South Africa.	Chapter 30, Statutes of 1994; effective 3/31/94
SB 1459 (Watson) Intro 2/10/94	Investments in International Financial Institutions	Authorizes any public retirement system to invest in securities guaranteed by various international financial institutions. Sponsor: Dymally, Ernest & Fair	Chapter 1084, Statutes of 1994
SB 1499 (Hughes) Intro 2/15/94	Service Credit for Unused Sick Leave	Would have allowed employers to elect to provide service credit for unused sick leave at retirement to those employees who become CalSTRS members after July 1, 1980. Sponsor: California Teachers Association	Died in Assembly
SB 1972 (Campbell) Intro 2/25/94	Investments; Possessory Interest Tax Proration	Makes permanent the provisions that would otherwise sunset June 30, 1994, regarding the proration of the possessory interest tax imposed on the tenants of properties owned by CalSTRS. Sponsor: CalPERS, CalSTRS	Chapter 1281, Statutes of 1994; effective 9/30/94

OTHER SIGNIFICANT LEGISLATIVE ISSUES (1994)

California Health Security Act (Proposition 186) – Would have established a "single payer" health care system in which the State of California would administer and finance health care coverage, thereby replacing most private health insurance and current public health care programs. The proposed system would have been similar to those used in some other countries, such as Canada. This Act would have had some impact on CalSTRS members depending on their individual circumstances. It would have had no impact on CalSTRS as a public pension fund nor on services CalSTRS provided to members.

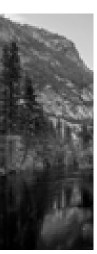


1993 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 40 (Margolin) Intro 12/9/92	Investments: Arab Boycott	Expands provisions enacted last year, Chapter 1351, Statutes of 1992 regarding the prohibition of state trust funds investing in companies that are complying with the Arab League's economic boycott of Israel. Note: The California Attorney General concluded that this bill is preempted by federal law and therefore not subject to implementation by CalSTRS. Sponsor: Author	Chapter 439, Statutes of 1993
AB 216 (Margolin) Intro 1/25/93	Investments: Foreign Government Bonds	Authorizes state or local retirement systems to invest in foreign government bonds or other evidences of indebtedness, a portion of which may be used to purchase rated or unrated bonds guaranteed by Israel, Canada or Mexico; permissive only. Sponsor: Author	Chapter 440, Statutes of 1993
AB 407 (Escutia) Intro 2/10/93	Dual Membership	Would have repealed the provision of law that excludes a full-time member of another public retirement system from membership in CalSTRS for part-time work under CalSTRS. Sponsor: CalSTRS	Governor Veto (10/4/93)
AB 447 (Seastrand) Intro 2/11/93	Federal Compliance: Age 70 ½ Minimum Distribution	Adds the definition of "reinstatement" to the TRL; requires CalSTRS to comply with federal law with regard to minimum distribution at age 70 ½ and specifies various procedures pertaining to CalSTRS inactive members; and provides for CalSTRS to prorate supplemental payments to the termination date of the allowance. Sponsor: CalSTRS	Chapter 861, Statutes of 1993; Line item veto of $100,000 appropriation

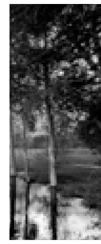
1993 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 449 (Horcher) Intro 2/11/93	Rule of 85	Would have established the "Rule of 85" alternative retirement program. Sponsor: CTA	Governor Veto (10/9/93)
AB 631 (Cannella) Intro 2/22/93	Modify TRL Definitions	Clarifies the definition of "compensation" and "salary" for purposes of determining benefits and contributions. Sponsor: CalSTRS	Chapter 468, Statutes of 1993
AB 798 (Sher) Intro 2/25/93	Benefit Payment Arrangements	Prohibits CalSTRS and CalPERS from mailing a copy of benefit payment information to any member who has payment directly deposited if the member requests not to have the information sent; and requires the systems to inform members of their right not to have the information sent to them.	Chapter 1083, Statutes of 1993
AB 810 (Tucker) Intro 2/25/93	Benefit Study	Would have required CalSTRS to conduct a study of the costs of: a 2 percent at age 58 to 2.418 percent at and over age 61; and a 2 percent at age 59 to 2.418 pecent at and over age 62 formula for state employee CalSTRS members. Sponsor: California State Employees Association	Dropped by author; agreed to conduct the study
AB 916 (Farr) Intro 3/1/93	Credit Enhancement for Local Government Bonds	Would have required CalSTRS and CalPERS, in consultation with the Treasurer, to study the feasibility of establishing under the systems a credit enhancement program for local government bonds. Sponsor: Author	Governor Veto (10/11/93)



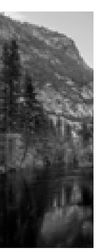
1993 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1631 (Karnette) Intro 3/4/93	Survivor Benefits (SB 93)	Allows CalSTRS to: revise the current process of verifying the date of birth or death of a benefit recipient; specifies that a preretirement election of an option is automatically canceled if the option beneficiary predeceases the member; and specifies the procedures to take when a designated beneficiary or death benefit recipient cannot be located. Sponsor: CalSTRS	Chapter 920, Statutes of 1993
AB 1796 (Napolitano) Intro 3/5/93	TRL Recodification	Recodifies the TRL; makes structural changes only. Sponsor: CalSTRS	Chapter 893, Statutes of 1993
AB 2278 (Tucker) Intro 3/5/93	CalSTRS Technical Housekeeping	Makes technical, corrective and clarifying changes in various TRL provisions. Sponsor: CalSTRS	Chapter 1082, Statutes of 1993
SB 70 (L. Greene) Intro 1/6/93	Investments; Proration of Property Taxes	Requires for fiscal years 1992–93 and 1993–94 that, if a lessee of a CalSTRS-owned property holds a possessory interest for less than a full fiscal year, the amount of the property tax will be prorated according to the number of months the lessee holds the interest.	Chapter 1187, Statutes of 1993
SB 77 (Appropriations) Intro 1/7/93	"Float" Suit	As an urgency measure, makes a General Fund appropriation of $8.9 million to CalSTRS and $7.5 million to CalPERS. These amounts represent the settlement of a lawsuit CalSTRS and CalPERS filed against the state to recover the systems' investment earnings in the state's Pooled Money Investment Account between 1984 and 1988.	Chapter 699, Statutes of 1993; effective 10/2/93
SB 107 (Hughes) Intro 1/14/93	Golden Handshake extension	Would have removed the January 1, 1994, sunset date of the Golden Handshake provisions, thereby continuing the program on a permanent basis. Sponsor: CTA	Governor Veto (10/9/93)



1993 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 195 (Hughes) Intro 2/4/93	Tax-Sheltered Annuity Plan	Would have required CalSTRS to offer a Tax-Sheltered Annuity Plan to be operated under the direction of CalSTRS' chief investment officer or a third party administrator. Sponsor: CTA	Governor Veto (9/24/93)
SB 414 (Roberti) Intro 2/24/93	One-year Final Compensation Repayment (LAUSD)	Would have provided for employers to pay for the one-year final compensation benefit as required by the board. Sponsor: United Teachers Los Angeles	Governor Veto (9/21/93)
SB 698 (Torres) Intro 3/3/93	Salary Preservation Using 3 Nonconsecutive Years for Final Compensation	Allows a member's retirement allowance calculation to be based on the member's highest earnable compensation during any three nonconsecutive years of CalSTRS membership if the member's salary was reduced because of budget reductions; and authorizes employers to elect to preserve members' retirement benefits when salary reductions due to budget cuts have occurred. Sponsor: California Federation of Teachers, CalSTRS	Chapter 860, Statutes of 1993; Line item veto of $300,000 appropriation
SB 754 (Hughes) Intro 3/3/93	Change of Options	Allows a CalSTRS retired member who retired under Option 2 or Option 3 before January 1, 1991, to change Option 2 or 3 to Option 6 or 7, under specified conditions. Sponsor: California Retired Teachers Association	Chapter 911, Statutes of 1993

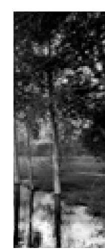


1993 State Legislation (1993–94 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 857 (PE&R) Intro 3/4/93	"Betts" Cleanup; Long-Term Health Care	Authorizes districts to grant a leave of absence to a certificated employee who has applied for either a disability retirement benefit or a disability allowance; makes various technical and conforming changes related to implementation of the new Disability Retirement and Survivor Benefits programs; and makes the CalPERS Long-Term Care Act provisions applicable to CalSTRS members. Sponsor: CalSTRS	Chapter 1144, Statutes of 1993

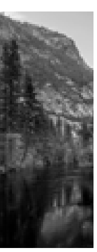
OTHER SIGNIFICANT LEGISLATIVE ISSUES (1993)

Voucher/Parental Choice In Education (Proposition 174) – Would have allowed parents to exercise choice in the schools, which their children attend by providing state educational "scholarships," or vouchers, for California students redeemable by their parents at either private or public schools that have converted to independent scholarship-redeeming schools. The amount of the scholarship would be equal to at least 50 percent of the prior year's public per-pupil spending—an estimated $2,600 per student.
Note: Any significant migration of teachers from the public schools as a result, would have a negative impact on the funding period at CalSTRS.



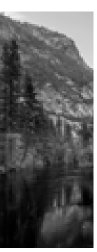
1992 State Legislation (1991–92 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 75 (Elder) Intro 12/4/90	Employer Notification	Would have: required employers to provide membership information to all full-time, part-time and substitute employees; deleted reference to a repealed section in the Teachers Retirement Law; and included other provisions (not affecting CalSTRS) that would have authorized contracting agencies under CalPERS to offer their employees up to an additional 4 years of service credit. The Governor was concerned this bill would require him to issue a "statewide executive order" to trigger the effectiveness. Conditioning a local agency's legislative action on the Governor's issuance of an executive order is a cumbersome and inappropriate exercise of the Governor's executive powers.	Governor Veto (9/30/92)
AB 486 (Polanco, et al.) Intro 2/12/91	Certification Requirements for Public Contracts	Creates a standardized certification program and permits all state and local agencies to use the criteria under this program to certify minority, women and disadvantaged business enterprises for contracts that are federally, state or locally funded.	Chapter 1329, Statutes of 1992
AB 1074 (Epple) Intro 3/5/91	Extend Service Retirement Formula	Would have increased the benefit factor from 2.1 percent at age 61, 2.25 percent at age 63 and 2.5 percent at age 65 for CalSTRS members retiring after June 30, 1993, with 20 or more years of service credit and whose employer has opted for this benefit. The Governor was not in favor of enhancing a retirement benefit with resources that could otherwise be provided for the classroom. Sponsor: CTA	Governor Veto (7/20/92)
AB 1399 (Eaves) Intro 3/7/91	Defined Contribution Study	Would have required the board to conduct a study of defined contribution benefits and establish a defined contribution "account" that complies with Internal Revenue Code section 415 requirements. Sponsor: Association of California Life Insurance	Died in Senate



1992 State Legislation (1991–92 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1522 (Campbell, et al.) Intro 3/7/91	Additional Service Credit	As an urgency measure, authorizes the Trustees of the California State University to grant four years of additional service credit to eligible employees who retire during the 1992–93 fiscal year. Note: CalSTRS records indicate that fewer than five members will be affected by this legislation. Sponsor: California State University	Chapter 450, Statutes of 1992; effective 8/7/92
AB 1719 (Horcher) Intro 3/8/91	Community Property Nonprobate Transfers	Amends various provisions of the Probate Code relating to the nonprobate transfer of community property, including transfers of property under the terms of a pension plan. Sponsor: California Law Revision Commission	Chapter 51, Statutes of 1992
AB 2251 (Margolin, et al.) Intro 3/15/91	Investments: Arab Boycott	Prohibits state trust funds from making new or additional investments in business forms or financial institutions that engage in discriminatory business practices that are "in furtherance of or in compliance with the Arab League's economic boycott of Israel." Under the "secondary boycott," which this bill targets, companies doing business in Arab nations must agree not to do business in Israel. Note: CalSTRS is required to begin divestiture of prohibited investments on January 1, 1995, and reduce such investments by one-third annually until January 1, 1998, when divestiture is complete.	Chapter 1351, Statutes of 1992
AB 2282 (Elder) Intro 1/6/92	Member Home Loans	Would have required the board to study the advantages and disadvantages of offering low interest rate home loans to CalSTRS members. The Governor didn't see any merit to using Teachers' Retirement Fund monies to finance reduced mortgage home loans, which has previously been found to be a violation of both the California Constitution and other statutes to which the board is subject.	Governor Veto (8/12/92)



1992 State Legislation (1991–92 Legislative Session)

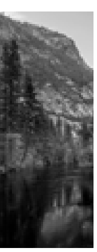
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2317 (Moore) Intro 1/13/92	Investments; public retirement systems; investments advisors	Would have authorized CalSTRS and CalPERS to consider joint venture, subcontracting and investment-related relationships with women, minority and disabled veteran business enterprises for purposes of meeting the statewide participation goals. The Governor stated that investment agreements are not service contracts under the Public Contract Code and should not be reported as if they were.	Governor Veto (7/27/92)
AB 2335 (Moore) Intro 1/15/92	Contract Award Requirements	Would have required state agencies to award a contract to the lowest responsible bidder fully meeting the minority and women business enterprises contract participation goals or having the highest aggregate percentage of those goals.	Died in Senate
AB 2391 (Moore) Intro 1/27/92	Investments; South Africa Relief	As an urgency measure, excludes firms engaged in famine relief activities in Southern Africa from the South Africa divestiture provisions Chapter 1254, Statutes of 1986.	Chapter 1238, Statutes of 1992; effective 9/30/92
AB 2513 (Andal) Intro 2/6/92	Definition Revision	Would have revised the definitions of “compensation” and “salary” for use in the calculation of a CalSTRS retirement benefit.	Died in Assembly
AB 2538 (Moore) Intro 2/6/92	Family Care Leave	Allows members to purchase service credit for time spent on an approved family care leave of up to four months. Note: This bill enabled CalSTRS to implement the provisions of Chapter 462, Statutes of 1991, which required employers of 50 or more employees, including school district, to grant specified family care leave.	Chapter 1272, Statutes of 1992
AB 2585 (Eastin, et al.) Intro 2/10/93	Charter Schools	Would have provided the general requirements for the establishment of charter public schools. The Governor determined that this bill fails to embrace the basic ingredients of the charter school concept (e.g., freedom from the state regulation and employee organizational control and choice on the part of parents, pupils, teachers and administrations).	Governor Veto (9/20/92)

1992 State Legislation (1991–92 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2721 (Elder, et al.) Intro 2/13/92	Federal Compliance (Rollovers)	Authorizes public pension plans, including CalSTRS, to make rollovers directly to another eligible retirement plan. A new federal law requires retirement plans to withhold 20 percent on the taxable portion of an eligible distribution not rolled over directly to a qualified plan. Allows a member to request that a lump-sum distribution be made directly to another eligible plan and thus avoid the 20 percent withholding tax now required when the distribution is made directly to the member.	Chapter 1047, Statutes of 1992
SB 766 Intro 3/6/91	CalSTRS Funding	As an urgency measure, clarifies the methodology for calculating the Elder Full Funding contributions due CalSTRS on prior calendar year payroll.	Chapter 703, Statutes of 1992; effective 9/15/92
SB 1448 (Hart, et al.) Intro 2/10/92	Charter Schools	Authorizes the establishment of not more than 100 charter schools in the state, each of which will be treated as a school district for school funding guarantee purposes. These schools will be exempt from laws governing regular school districts except for those that choose to participate in CalSTRS. When a charter school chooses to participate in CalSTRS, all employees of that charter school who qualify for CalSTRS membership will be covered under CalSTRS. All provisions of the TRL will apply in these participating charter schools as if they were a public school in the school district that granted the charter.	Chapter 781, Statutes of 1992
SB 1687 (L. Greene) Intro 2/20/92	Investments: In-lieu Fees	Excludes CalSTRS' real estate investments from in-lieu fees and requires instead that lessees of CalSTRS owned property pay regular property taxes based on their possessory interest.	Chapter 1158, Statutes of 1992

1992 State Legislation (1991–92 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1765 (Hart) Intro 2/20/92	CalSTRS and CalPERS Service Credit for Legislators	Would have allowed CalSTRS and CalPERS members to purchase service credit for time spent in the California Legislature during a service break. The Governor determined this bill contradicts the provisions of Proposition 140 (1990), which prohibits the accrual of pension benefits as a result of service in the Legislature. On or after November 1990, no Legislative Retirement System exists other than Social Security.	Governor Veto (9/30/92)
SB 1884 (C. Green) Intro 2/21/92	Multiple Retirements ("Betts")	As an urgency measure, provides the methods to be used in the calculation of a retirement allowance for members who previously received either a disability or service retirement benefit.	Chapter 1165, Statutes of 1992; effective 9/30/92
SB 1885 (C. Green) Intro 2/21/92	Federal Compliance: New Survivor Benefits and Disability Retirement Programs ("Betts")	As an urgency measure, establishes new survivor benefits and disability programs for all new members entering CalSTRS on or after October 16, 1992. Also authorizes persons who were CalSTRS members on October 15, 1992, to elect to participate in the new programs. These changes bring CalSTRS into compliance with the federal Older Workers' Benefit Protection Act passed by Congress on October 16, 1990. Coverage A: $5,000 lump-sum death payment. Coverage B: $20,000 lump-sum death payment.	Chapter 1166, Statutes of 1992; effective 10/16/92
SB 1886 (C. Green) Intro 2/21/92	CalSTRS Disability ("Betts")	Makes various changes to the CalSTRS disability program: 1) technical revisions to the standard for determining disability; 2) defines "comparable level position" as any job in which the disabled member can earn 66 ⅔ percent or more of indexed final compensation; 3) allows members to apply for disability while still working.	Chapter 1167, Statutes of 1992



1992 State Legislation (1991–92 Legislative Session)

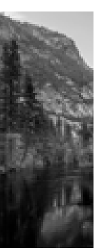
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1887 (C. Green); Extraordinary Session Intro 2/21/92	State Employees: Personal Leave Program Service Credit; Final Compensation	Urgency measure: 1) Allows state employee CalSTRS members subject to the personal leave program to be credited with the service they would have received prior to being placed under this program; and 2) provides that, for nonrepresented state employee members who retire or die on or after July 1, 1991, and whose salaries were reduced during the 1991–92 fiscal year, “final compensation” means the highest annual salary as if no reduction had occurred. The employer is required to pay for any costs that result from the increased service credit and use of the higher final compensation.	Chapter 1372, Statutes of 1992; effective 10/27/92
SB 1902 (Johnston, et al.) Intro 2/21/92	Health Benefits Study	Would have required the board to conduct a statewide health benefits study of certificated school employees using a $240,000 Teachers’ Retirement Fund appropriation for this purpose. The Governor determined this bill served as a catalyst for seeking a statewide health benefit package for school employees, rather than sought at the local level through collective bargaining.	Governor Veto (9/30/92)
SB 1957 (Thompson) Intro 2/21/92	Investments: Repeal Sunset – Real Estate Priorities	As an urgency measure, deletes the January 1, 1993, repeal date of provisions requiring CalSTRS to give first priority to investing at least 25 percent of newly available funds in California residential realty.	Chapter 540, Statutes of 1992; effective 8/22/92
SB 2018 (Calderon) Intro 2/21/92	Division of Community Property	As an urgency measure, modifies provisions relating to community property rights in retirement plans including prohibiting a nonmember spouse from receiving a retirement allowance until the actual retirement date of the member. CalSTRS/CalPERS are excluded from the latter provision.	Chapter 431, Statutes of 1992; effective 9/2/92

OTHER SIGNIFICANT LEGISLATIVE ISSUES (1992)

California Pension Protection Act (Proposition 162) – Effective upon certification of the Secretary of State, this act grants the board plenary authority over investment decisions and administration of the System in a manner that will assure prompt delivery of benefits and related services to members and their beneficiaries. Effective 12/14/92

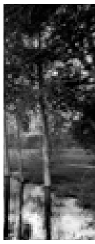
1991 State Legislation (1991–92 Legislative Session)

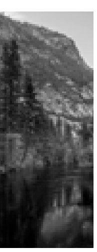
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 77 (Moore, et al.) Intro 12/4/90	Fair Employment & Housing: Family Care Leave	Requires that employers of 50 or more employees, including school districts, grant unpaid leave for up to four months in any 24-month period for family care purposes, as defined. Note: CalSTRS had previously taken a "support, if amended" position; however, suggested amendments were never adopted into the bill. Sponsor: California Labor Federation	Chapter 462, Statutes of 1991
AB 191 (Elder) Intro 1/4/91	Employer Contribution Deferral	Would have allowed the LAUSD and the SFUSD not to make their employer contributions to CalSTRS from January 1992 through June 1992. The contributions that would have been made during that six-month period would instead have been paid in monthly payments over a period of up to 20 years commencing July 1, 1993. The Governor determined there was already an orderly process by which districts experiencing financial difficulty could request an "emergency apportionment;" the provisions were perceived to be a loan to these particular school districts, thereby circumventing the existing process; there were no safeguards to ensure that the districts in need would repay their debt, particularly where evidence may portray that their operations were not managed efficiently.	Governor Veto (7/18/91)
AB 276 (Filante, et al.) Intro 1/22/91	Rule of 85	Would have allowed a member of CalSTRS aged 50 or older to retire with full retirement benefits, if the member's age plus years of service credit totaled 85. The Governor determined that CalSTRS already offered several options for early retirement, but with a reduced retirement allowance, as well as other early retirement options including incentives individually being offered by employers; would cost employers $50,000–$100,000 per retired member, which would result is a diversion of funds from the classroom; there were no requirements over the life of the early retirement program to reflect any cost savings to the program. Sponsor: CTA, ACSA	Governor Veto (10/6/91)



1991 State Legislation (1991–92 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 692 (Hayden) Intro 2/25/91	Investments: State Trust Funds	Would have authorized CalSTRS/CalPERS to require companies in which they make investments to disclose the extent to which the companies adhere to the so-called Valdez Principles regarding “corporate environmental” responsibility. The Governor determined the bill as being permissive, unnecessary and an expression of Legislative intent and CalSTRS/CalPERS already have guidelines for companies in which the systems invest to conduct themselves with propriety and a view toward social considerations.	Governor Veto (10/14/91)
AB 702 (Frizzelle) Intro 2/25/91	CalSTRS Funding	As an urgency measure, provides that Elder Full Funding contributions be made in quarterly payments of 1.075 percent from the General Fund to the Teachers' Retirement Fund instead of monthly contributions, commencing October 1, 1991.	Chapter 83, Statutes of 1991; effective 7/1/91
AB 1189 (Peace) Intro 3/6/91	Investments: Corporations–Electronic Proxies	Permits oral telephonic submission of a proxy by a shareholder or someone with authority to act for a shareholder. Note: This bill does not require any action on the part of CalSTRS.	Chapter 308, Statutes of 1991
AB 1330 (Burton, et al.) Intro 3/7/91	Investments: Northern Ireland	Would have required CalSTRS/CalPERS to: 1) compile a list of corporations that do business in Northern Ireland (NI), in which the assets of the two funds are invested and report this information to the Legislature; 2) annually monitor the extent to which U.S. Corporations operating in NI, in which the funds have investments, adhere to nondiscrimination principles, as defined by the MacBride Principles; and 3) support, whenever feasible, shareholder resolutions designed to encourage corporations in which the funds have invested to pursue a policy of affirmative action in NI. The Governor determined the bill was redundant with existing practices and that it was opposed by political and labor union leaders who represent NI Catholic constituencies who viewed the bill as threatening to the economy of NI as well as the job opportunities for Catholic workers who are far better protected by the mandatory provisions of the Fair Employment Act of 1989 than the MacBride principles.	Governor Veto (10/11/91)





1991 State Legislation (1991–92 Legislative Session)

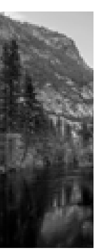
Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2224 (Cannella) Intro 3/12/91	Full-Time Equivalent in Community Colleges	Would have established new standards for the crediting of service performed by community college members of CalSTRS employed on a part-time basis. The Governor determined the bill would result in increased costs to CalSTRS for those part-time instructors who become full-time instructors (estimated to range from $10,000 to $30,000) and would continue to increase for a number of years. Sponsor: CFT, FACCC	Governor Veto (10/14/91)
SB 196 (C. Green) Intro 1/17/91	Scientific Surveys	Would have required CalSTRS to establish procedures for evaluating and implementing requests of organizations with CalSTRS members to conduct scientific surveys of the CalSTRS membership. The Governor determined this bill would redirect CalSTRS' efforts toward an objective of satisfying the requests of outside organizations rather than to focus on its mission to satisfy the membership and was concerned with costs and resources needed to take on the additional workload. Sponsor: CTA	Governor Veto (10/2/91)
SB 1171 (PE&R) Intro 3/8/91	CalSTRS Technical Housekeeping	1) Clarifies provisions concerning the limitations imposed by Section 415 of the IRC on the benefits received by CalSTRS members; 2) authorizes CalSTRS to establish procedures to ensure compliance with information reporting requirements and provides that any person who willfully files any report in violation of the statutory requirements is guilty of a misdemeanor; 3) makes a technical, corrective change in the one-year final compensation provisions for classroom teachers; 4) clarifies that CalSTRS disabled members and inactive members are eligible to participate in the Dave Elder CalSTRS Home Loan Program; 5) requires spousal signature for most benefit applications; 6) requires employers to annually provide CalSTRS with copies of documents concerning employee compensation; and 7) allows CalSTRS members who served on active duty in the Persian Gulf conflict to receive CalSTRS service credit for the time spent on the military leave. Sponsor: CalSTRS	Chapter 543, Statutes of 1991

1991 State Legislation (1991–92 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1173 (PE&R) Intro 3/8/91	State Employees: Members Of CalSTRS–Optional Transfer to CalPERS	As an urgency measure, would have authorized members of CalSTRS who are employed in state service positions to elect, before April 1, 1992, to transfer their membership to CalPERS.	Died in Senate
SR 9 (McCorquodale) Intro 1/18/91	Investments: Shareholder Rights and Securities Transaction Commission	Extends until January 1, 1993, the Senate Commission on Corporate Governance Shareholder Rights and Securities Transaction.	Adopted 5/30/91

1990 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 54 (Elder) Intro 12/6/88	Optional One-Year Final Compensation: Multiple Retirements	As an urgency measure: 1) Makes technical clean-up amendments to Chapter 1184 of 1989 (AB 123, Elder) regarding optional one-year final-compensation for CalSTRS members who spent 60 percent or more of the last ten years of their career as classroom teachers; and 2) provides a more equitable method to calculate the final retirement benefit of CalSTRS members who reinstate from retirement to CalSTRS membership and subsequently retire. Sponsor: United Teachers of Los Angeles, CTA	Chapter 83, Statutes of 1990; effective 5/3/90
AB 1972 (Tucker) Intro 3/9/89	CalSTRS/ CalPERS Home Loan Program	Designates the provisions of the TRL authorizing the CalSTRS member home loan program as the Dave Elder CalSTRS Member Home Loan Program Act. Note: No program or fiscal changes to existing program.	Chapter 11, Statutes of 1990
AB 2552 (Quackenbush) Intro 1/4/90	Tax-Sheltered Annuity Program	Makes various changes to the current CalSTRS TSA program by authorizing CalSTRS to operate the plan through one or more third-party carriers with choices of investment options and to offer the program to all employees of any state or local public agency, which employs persons in positions eligible for CalSTRS membership.	Chapter 831, Statutes of 1990
AB 2609 (Hughes, et al.) Intro 1/16/90	Golden Handshake	As an urgency measure, reestablishes until December 31, 1993, the CalSTRS "Golden Handshake" program, which permits school employers to provide CalSTRS members with two additional years of service credit at retirement if certain conditions are met. Sponsor: CTA	Chapter 996, Statutes of 1990; effective 9/18/90
AB 3042 (Elder) Intro 2/21/90	Member Applications: Spouse Signature Requirements	Requires that a CalSTRS member's application for a Member-Only Benefit contain the signature of the member's spouse unless certain conditions are met. Permits a spouse who refuses to sign this type of application to be treated as a "nonmember spouse," therefore, petition the court to divide the retirement benefit as community property.	Chapter 1390, Statutes of 1990

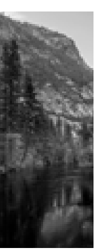


1990 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 4048 (Elder, et al.) Intro 3/2/90	Postretirement Earnings Limit	Increases the CalSTRS postretirement earnings limit to $15,000, up from the previous $8,950, per school year. This amount would be adjusted annually by the amount of increase in the CCPI. Sponsor: Long Beach Unified School District	Chapter 903, Statutes of 1990
AB 4129 (Hughes) Intro 3/2/90	CalSTRS Technical Housekeeping	Makes technical, corrective and clarifying changes in various provisions of the TRL. Sponsor: CalSTRS	Chapter 560, Statutes of 1990
AB 4284 (Elder, et al.) Intro 3/2/90	Retirement After Reinstatement From Disability	As an urgency measure, provides for separate alternative calculations of postdisability service retirement allowances depending whether the postdisability service was for less than, or more than, three years.	Chapter 1201, Statutes of 1990; effective 9/22/90
ABX1 53 (Elder) Intro 11/3/89	CalSTRS/ CalPERS Loan: Natural Disaster	Authorizes CalSTRS to establish a loan program to assist currently employed members and retirees in obtaining loans from CalSTRS for the sole purpose of repairing or rebuilding homes damaged by a natural disaster. Sponsor: Santa Cruz County	Chapter 35X, Statutes of 1990
AJR 38 (Elder) Intro 3/10/89	School Lands: Elk Hills	Memorializes the President and Congress to recognize the right of the state to two school land sections within the Elk Hills Petroleum Reserve and to make them available to the state. Revenue from school land sections is used for supplemental payments to benefit recipients whose purchasing power has fallen below 75 percent of original purchasing power. Sponsor: CalRTA	Chapter 50, Statutes of 1990
AJR 71 (Bentley, et al.) Intro 2/15/90	Health Benefits: Retired Teachers	Memorializes Congress to establish a process by which CalSTRS retirees could purchase the quarters needed to meet Medicare Part A eligibility. Sponsor: CalRTA	Chapter 100, Statutes of 1990
SB 682 (C. Green) Intro 2/27/89	Option Settlements	Adds two new additional option settlements, Options 6 and 7, allowing a return to the Member-Only Benefit if the designated option beneficiary predeceases the retiree. Sponsor: CalRTA	Chapter 97, Statutes of 1990

1990 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1131 (McCorquodale) Intro 3/8/89	Investments: Soft Dollars	Places new disclosure requirements on governmental investors with regard to soft dollars and directed brokerage arrangements.	Chapter 709, Statutes of 1991
SB 1370 (C. Green, et al.) Intro 3/9/89	Elder Full Funding Act	As an urgency measure, revises the annual General Fund contribution to CalSTRS to a level that provides full funding of normal cost and provides for the amortization of the CalSTRS unfunded obligation. Sponsor: CalRTA	Chapter 460, Statutes of 1990; effective 8/1/90
SB 2469 (C. Green) Intro 2/28/90	Benefits Study	Appropriates $50,000 to pay the costs of contracting for consulting services to study the equity of the present benefits available under CalSTRS.	Chapter 1172, Statutes of 1990
SB 2473 (C. Green) Intro 2/28/90	General Fund Contributions	Deletes obsolete provisions of law relating to general fund contributions for sick leave service credit in fiscal year 1985–86.	Chapter 876, Statutes of 1990
SCR 84 (Hart) Intro 2/26/90	Investments; Valdez Principles	Requests CalSTRS/CalPERS to take shareholder action respecting the Valdez Principles, a code of conduct for corporate activities affecting the environment.	Resolution Chapter 131, Statutes of 1990
SJR 70 (McCorquodale) Intro 5/31/90	Investments: Corporations–Governance	Requests the SEC to evaluate the corporate election process for the purpose of changing its rules to provide for 1) proxy rules to allow for open and clear communication among shareholders and corporations and 2) confidential voting with independent tabulation of results; and 2) provides for the State Senate Commission on Corporate Governance, Shareholder Rights and Securities Transactions to actively participate with the SEC in accomplishing these goals.	Resolution Chapter 113, Statutes of 1990

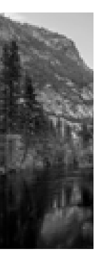


1989 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 50 (Elder) Intro 12/6/88	Section 415 Limit: Annual Report Requirements	1) Amends CalSTRS law to comply with IRC section 415 benefit limitations. Prevents the System from losing its "tax qualified plan" status and avoids adverse tax consequences for CalSTRS and CalSTRS members; and 2) requires book value return as a performance measure to be included in the Annual Report.	Chapter 1004, Statutes of 1989
AB 59 (Elder) Intro 12/6/88	Clarifies Fiduciary Liability	Restructures and revises the CalSTRS fiduciary liability provisions to clarify the scope of personal liability of the board and certain CalSTRS employees.	Chapter 542, Statutes of 1989
AB 122 (Filante) Intro 12/12/88	Rule of 85	Would have added an additional, optional, Rule of 85 early retirement incentive provision to permit service retirement at or over age 50 without any actuarial reduction in the normal retirement age factor (age 60) if the total of the member's age and credited service is at least 85. The employer would have been required to pay the actuarial present value cost of the increased allowance plus related CalSTRS administrative costs. The Governor vetoed this bill because CalSTRS members already have the option to retire before age 60, but with a reduced retirement allowance; school districts, when feasible, may offer Golden Handshake programs; the program is very costly and would divert funds from the classroom; concerns with the impact of Purchasing Power Protection earlier than normal retirement; and future impact on Section 415 limits and potential for CalSTRS to lose its federal tax exempt status. Sponsor: Marin County Superintendents	Governor Veto (9/25/89)
AB 123 (Elder) Intro 12/12/88	Retirement Calculation Factors	Provides, subject to a collective bargaining agreement entered into by the member's employing school district and payment to CalSTRS for additional benefits paid, that the "final compensation" period for "classroom teachers," as defined, who retire after June 30, 1990, be the highest 12 consecutive months. Final compensation is one of the three factors used to determine CalSTRS retirement benefits. (The two other factors are length of service and age at the time of retirement.) Sponsor: United Teachers of Los Angeles	Chapter 1184, Statutes of 1989

1989 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 265 (Elder) Intro 1/12/89	Medicare Election	Authorizes employers to apply to CalPERS during the period of July 1, 1990, to July 1, 1993, to conduct elections to permit employees who held positions covered by this System on March 31, 1986, to elect to be covered by the federal Medicare program. Both the employer and employee would have to pay the required rates for the coverage. Note: CalSTRS has no role in any such election, nor would it affect any CalSTRS benefits. Sponsor: CTA	Chapter 1006, Statutes of 1989
AB 1105 (Hughes) Intro 3/1/89	Disability Leave	As an urgency measure, would have required the governing board of a school district to grant a leave of absence to any certificated employee who applied to CalSTRS for a disability allowance and, if the employee is determined by the System to be eligible for the disability allowance, requires the employee's leave of absence to be extended for the term of the disability, but not more than 39 months. The Governor determined this bill to be similar to another bill he vetoed in 1987 (AB 420, Hughes). Granting a disability leave of absence is discretionary and should be bargained at the local level, not mandated in state law. Sponsor: United Teachers of Los Angeles	Governor Veto (9/16/89)
AB 1284 (Quackenbush) Intro 3/3/89	CalSTRS/ CalPERS: Chief Investment Officer Issues	Authorizes the board and the board of CalPERS to meet in closed session to consider matters pertaining to the recruitment or removal of the Chief Investment Officer of each System and adds authorization for the CalPERS Board to meet in closed session to consider personnel matters pertaining to the Chief Executive Officer.	Chapter 177, Statutes of 1989
AB 1769 (Roos) Intro 3/9/89	Investments: Deteriorated Housing	Would have required CalSTRS/CalPERS to study the feasibility, consistent with their fiduciary duties, of investing in community projects for housing in deteriorated neighborhoods and to report their findings and recommendations to the Legislature by January 1, 1991. The Governor determined that these retirement systems were to act as trustees to invest the funds of their members safely and prudently and should not be mandated to study placing funds in speculations where earnings, if any, are questionable.	Governor Veto (9/26/89)

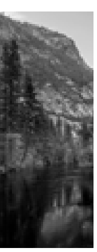


1989 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 1929 (Epple) Intro 3/9/89	Investments: Shareholder Voting rights	Allows companies that incorporate in California to divide their board of directors into two or three classes to serve terms of two or three years. It also allows them to either eliminate cumulative voting or to restrict cumulative voting to each class. This could have an impact on the way CalSTRS exercises its rights as a shareholder during proxy voting.	Chapter 876, Statutes of 1989
AB 2443 (Burton, et al.) Intro 3/10/89	Investments: Northern Ireland	Would have required the governing body of each state retirement system to: 1) annually investigate the extent to which U.S. corporations operating in Northern Ireland with which the retirement system's assets are invested adhere to the principles of nondiscrimination and freedom of workplace opportunity; and 2) whenever feasible, sponsor, co-sponsor, or support shareholder resolutions designed to encourage corporations in which the system has invested to pursue a policy of affirmative action in NI. Sponsor: American Irish Political Education Committee	Governor Veto (9/26/89)
SB 683 (C. Green) Intro 2/27/89	Workload Balancing Programs: Spousal Signature Requirements	Authorizes governing boards of community college districts to adopt workload balancing programs, subject to the TRL, for certificated employees; requires a spousal signature to withdraw CalSTRS annuity deposits. Sponsor: FACCC	Chapter 270, Statutes of 1989
SB 684 (C. Green) Intro 2/27/89	Scientific Surveys of CalSTRS Membership	Would have required CalSTRS to establish procedures for evaluating and implementing requests of organizations and agencies to conduct scientific surveys of the membership. The Governor had concerns with any bill that would authorize scientific surveys not relative to retirement issues and perceived this to be inconsistent with CalSTRS' primary mission. Also, there was no way to predict the workload for allocation of resources through the budget process. Sponsor: CTA	Governor Veto (9/19/89)

1989 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 686 (C. Green) Intro 2/27/89	Emergency Payment of Benefits	1) Adds option beneficiaries to the benefit recipients who would receive interest due to the late payment of monthly allowances; and 2) authorizes CalSTRS to make payments of 75 percent of the return of accumulated retirement contributions, on an emergency basis, to persons who have terminated CalSTRS membership.	Chapter 327, Statutes of 1989
SB 751 (Royce) Intro 3/1/89	CalSTRS Technical Housekeeping	Makes technical, corrective and clarifying changes in various provisions of the TRL. Sponsor: CalSTRS	Chapter 118, Statutes of 1989
SB 915 (McCorquodale) Intro 3/6/89	Investments: Corporate Governance Center	Would have established the California Center for Corporate Research to facilitate the study and understanding of issues concerning corporate governance and shareholder rights. Governor determined the bill was unnecessary since there are already three centers for corporate governance in the U.S. studying these issues; there is nothing precluding the University of California, or any other university, from establishing its own private center; and, it was unclear whether this center was private sector or a governmental entity subject to civil service rules, conflict of interest rules, budgetary oversight or other similar restrictions.	Governor Veto (9/29/89)
SB 1039 (C. Green) Intro 3/7/89	Modify Post-Retirement Earnings Limit	Changes the indexing of the CalSTRS post-retirement earnings limit from 50 percent to 100 percent of the change in the CCPI. Sponsor: CFT	Chapter 227, Statutes of 1989
SB 1093 (Presley) Intro 3/8/89	CalSTRS/ CalPERS: Affordable Housing	As an urgency measure, requires CalPERS/ CalSTRS to join with the Department of Housing and Community Development, Treasurer's Office and the California Housing Authority to determine what can be done to produce affordable housing in rural communities with prisons. CalPERS/CalSTRS would be required to jointly participate in preparing a report with recommendations to the Governor and Legislature by January 15, 1990.	Chapter 1338, Statutes of 1989; effective 10/2/89

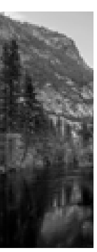


1989 State Legislation (1989–90 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 1407 (C. Green, et al.) Intro 3/9/89	SBMA: Purchasing Power; Annual Transfer From General Fund	Establishes funding mechanism, the Supplemental Benefit Maintenance Account, requiring an annual transfer from the General Fund to restore purchasing power of CalSTRS benefits. Amount transferred to increase annually to a maximum of 2.5 percent of the statewide teacher payroll. This bill was double-joined with SB 1513.	Chapter 115, Statutes of 1989
SB 1513 (W. Campbell, et al.) Intro 3/10/89	SBMA: Purchasing Power Adjustments	Requires annual distribution of the proceeds of the SBMA, in nonvested quarterly payments, to members and their beneficiaries to restore benefit purchasing power to up to 68.2 percent of its original purchasing power. This bill was double-jointed with SB 1407. Sponsor: CalRTA	Chapter 116, Statutes of 1989
SB 1605 (Stirling) Intro 3/10/89	Retirement Homes	Would have authorized: 1) various state retirement systems including CalSTRS to establish, operate, or enter into joint ventures or contracts for services for retirement homes for their respective retired members; 2) retired members entering those homes to elect direct payment of all or part of their retirement allowances to the homes, as specified; and 3) CalSTRS/CalPERS to buy, build, finance, or enter into joint ventures to provide low and moderate income housing for their active and retired members. The Governor determined that various public retirement systems were not prepared in terms of experience or personnel to enter into this unfamiliar area; CalSTRS should concentrate on its primary mission to provide retirement benefits to its members and manage its investment programs in a prudent and successful manner; and, the investments could result in CalSTRS being subjected to unrelated business income taxes.	Governor Veto (9/26/89

1988 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 59 (Elder) Intro 12/3/86	Elk Hills: Disbursement of Revenue	Requires any revenues related to the state's claim to school lands within the Elk Hills Naval Petroleum Reserve to be deposited into the School Land Bank Fund. Interest earnings will go to the TRF for distribution on a pro-rata basis to CalSTRS benefit recipients whose payments are below 75 percent of purchasing power. Sponsor: CalRTA	Chapter 985, Statutes of 1988
AB 147 (Elder) Intro 12/19/86	Supplemental Social Security Plan: Alternative Retirement Plan	Requires CalSTRS to develop an alternative retirement plan recommendation to provide members an adequate retirement benefit for use if benefits are coupled with Social Security and to submit the recommendation to the Legislature by March 1, 1989.	Chapter 743, Statutes of 1988
AB 1982 (O'Connell) Intro 3/6/87	Credit for Out-of-State Service	Would have authorized a member who retires after January 1, 1989, to elect to receive additional service credit for out-of-state service, as specified, if the member pays all contributions at the rate for additional service credit at the time of election and precludes such purchased service from being eligible for specified postretirement quarterly supplemental payments. The Governor vetoed a similar bill in 1986 viewing these provisions as a liberal expansion of retirement benefits not available to members who have served their full careers in California and that the purchase price would not cover actual costs of the extra retirement allowance resulting in an increase of CalSTRS' unfunded liability, which would be counterproductive to maintaining the retirement plan in a financially sound condition. Sponsor: CFT	Governor Veto (9/29/88)
AB 2874 (Elder)	Investments: Reporting Requirements	Requires the board to submit to the Legislature, by November 1 of each year, a report of the un-audited investment data compiled for the preparation of the annual report required in Education Code section 22308.	Chapter 902, Statutes of 1988; effective 1/1/89

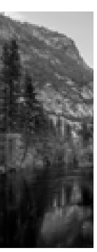


1988 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2882 (Elder) Intro 1/28/88	One-Year Final Compensation For Classroom Teachers	Would have provided that “final compensation” mean the highest annual compensation earnable by the member who is a classroom teacher, as defined, during any period of 12 consecutive months during his or her membership in CalSTRS. The Governor was concerned with increasing retirement allowances for certain CalSTRS members without providing a funding source to support the increase ($142.5 million the first year), therefore increasing CalSTRS’ unfunded liability by $250 million per year; putting pressure on CalPERS to offer comparable benefits; and, creating a distinction in benefits between classroom teachers and other CalSTRS members. Sponsor: CTA, United Teachers of Los Angeles	Governor Veto (9/30/88)
AB 2885 (Elder) Intro 1/28/88	Service Credit For Leave of Absence	Increases the maximum amount of retirement service credit earnable by an active CalSTRS member on an approved leave to serve as an elected member of an employee organization from a maximum of eight years to a maximum of 12 years. Sponsor: United Teachers of Los Angeles	Chapter 688, Statutes of 1988
AB 2890 (Elder) Intro 1/28/88	Modify Member Home Loan Program	Authorizes the board to add owner-occupied two to four family dwellings to the CalSTRS Member Home Loan Program.	Chapter 408, Statutes of 1988
AB 3172 (Elder) Intro 2/10/88	Remittance Notification	Requires CalSTRS to send a copy of the benefit payment information to the home address of persons whose payments are transmitted directly to their financial institution for deposit beginning July 1, 1989. Sponsor: CalRTA	Chapter 792, Statutes of 1988
AB 3194 (Elder) Intro 2/10/88	Teachers’ Retirement Board	Would have required that the three CalSTRS members and the retired member of the board be elected from their respective constituencies. Sponsor: Association of Retired Teachers	Governor Veto (8/19/88)
AB 3195 (Elder) Intro 2/10/88	Military Service Credit	Authorizes state employee members and certain retirees of CalSTRS to elect to purchase up to four years of military service credit. Sponsor: California State Employees Association	Chapter 370, Statutes of 1988

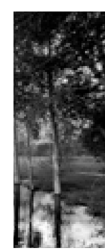
1988 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 3271 (Filante) Intro 2/11/88	Rule of 85	Would have added an additional, optional, Rule of 85 early retirement incentive provision to CalSTRS, which would permit service retirement at or over age 50 without any actuarial reduction in the age 60 retirement factor if the total of the member's age and credited service is at least 85. Employers would be required to pay the actuarial present value cost of the increased allowance plus related CalSTRS administrative costs. The Governor determined that funding this program would divert funds from the classroom; adding early incentives for retirement to experienced educators with many productive years of service remaining in their careers is contrary to predictions of teacher shortages; and, it places retirees in a position to require purchasing power protection earlier than normal. Sponsor: Marin County Superintendents	Governor Veto (9/20/88)
AB 3409 (Frizzelle) Intro 2/16/88	Subrogation Program	Permits the board to initiate a program to recover benefits paid as a result of the death of or injury to a CalSTRS member caused by a third person, other than the employer.	Chapter 380, Statutes of 1988
AB 3887 (Grisham) Intro 2/18/88	CalSTRS Technical Housekeeping	1) Deletes a provision requiring CalSTRS to notify retirees of income tax liabilities which were made obsolete by the Federal Tax Reform Act of 1986; 2) renumbers a section of the definitions chapter to be in alphabetical order; 3) clarifies that the board may contract with investment managers to monitor and advise the board on the voting of shares owned by CalSTRS and advise on responses to other corporate governance matters; 4) clarifies that the original disability allowance date be retained as the base date for determining post-retirement benefit increases only when there is a continuous benefit from CalSTRS when a disability allowance is converted to a service retirement allowance; and 5) deletes a reference to a repealed section of the Education Code. Sponsor: CalSTRS	Chapter 382, Statutes of 1988



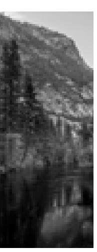
1988 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 4095 (Elder) Intro 2/19/88	CalSTRS/ CalPERS: Fiduciary Standards Review	Requires the board and the Board of Administration of CalPERS to review their fiduciary standards and report to the Legislature all recommended changes and additions to current statute by March 1, 1989.	Chapter 241, Statutes of 1988
SB 451 (Beverly) Intro 2/18/87	Investments: Corporate Governance Standards	Creates a qualification exemption for companies whose securities are traded on the National Market System of the National Association of Securities Dealers, Inc. Sponsor: National Association of Securities Dealers	Chapter 716, Statutes of 1988
SB 959 (McCorquodale) Intro 3/4/87	70% Purchasing Power Protection for 1989–90	Would have increased the purchasing power of CalSTRS benefit recipients to 70 percent of their original purchasing power for fiscal year 1989–90 and 75 percent in 1990–91 at a cost of $160 million in the first year. The Governor stated that he already provides funds for the maintenance of 68.2 percent of original purchasing power to offset inflation for retired teachers and suggested that further enhancements should be considered during the normal budget process. Sponsor: Association of Retired Teachers	Governor Veto (9/30/88)
SB 1190 (Lockyer) Intro 3/5/87	Separate Account for Nonmember Spouse	Requires CalSTRS, pursuant to a court order, to establish a separate account for service credit and contributions and interest awarded a nonmember spouse in a division of community property. The nonmember spouse would be eligible to elect a retirement allowance or a refund of contributions and interest.	Chapter 542, Statutes of 1987; effective 8/24/88; retroactive to 6/1/88
SB 1600 (Garamendi) Intro 3/6/87	Investments: Voting Records Disclosure	Requires anyone authorized to vote shares of stock owned by others to maintain a record of how the shares are voted and make disclosure of this information. Sponsor: Senate Commission of Corporate Governance, Shareholder Rights and Securities Transactions	Chapter 1360, Statutes of 1988



1988 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 2060 (McCorquodale) Intro 2/1/88	Investments: Greenmail and Hushmail	Would have prohibited target corporations, as defined, from repurchasing more than 3 percent of its equity securities for more than the postdisclosure market price, as defined, from shareholder or beneficial owner unless approved by the board of directors and shareholders, except as specified. The Governor vetoed a similar bill last year and although he rejects the practice of "greenmail," his concern was that the 3 percent purchasing limit proposed may be overly prescriptive, the definition of "target" corporation may be unconstitutional and further stated that interstate regulation was the appropriate way to proceed. He also stated that he would welcome federal legislation to address the issue. Sponsor: Senate Commission on Corporate Governance, Shareholder Rights and Securities Transaction.	Governor Veto (9/19/88)
SB 2080 (Royce) Intro 2/12/88	Exemption from Probate Code: Application for Death Benefits	As an urgency measure, expedites death claim payments by authorizing death benefit recipients to apply for CalSTRS payment of death benefits under certain conditions without the 40-day waiting period currently required in Section 13101 of the Probate Code.	Chapter 462, Statutes of 1988; effective 8/22/88
SB 2082 (Royce) Intro 2/12/88	Membership Qualifications for Substitutes and Part-Time Employees	Requires teachers who have performed 100 or more complete days of substitute service, or 60 hours (10 days) or more of part-time service in a pay period, in one school district or county superintendent's office become members on the first day of the following pay period. Sponsor: Orange County Office of Education	Chapter 497, Statutes of 1988
SB 2552 (Keene) Intro 2/19/88	Investments: Requirement for Independent Financial Opinion	Requires an independent financial opinion that a proposal for a corporate reorganization, sale of assets or tender offer is fair to the shareholders. If there is more than one proposal received, the first proposal may not be consummated without allowing shareholders a reasonable opportunity to consider the record. Sponsor: Senate Commission of Corporate Governance, Shareholder Rights and Securities Transactions	Chapter 265, Statutes of 1988; effective 7/5/88

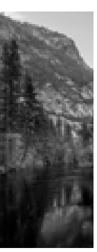


1988 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 2578 (Robbins, et al.) Intro 2/19/88	Investments: Insider Trading/ Securities Practices	Makes various additions and amendments to the Corporations Code related to insider trading and other fraudulent securities practices. Sponsor: Senate Commission of Corporate Governance, Shareholder Rights and Securities Transactions	Chapter 1339, Statutes of 1988
SB 2648 (Kopp) Intro 2/19/88	Clarifying Statute: Errors and Omissions	Clarifies the statutes pertaining to the correction of errors and omissions. Sponsor: CalPERS	Chapter 1089, Statutes of 1988
SB 2680 (C. Green) Intro 2/19/88	Spousal Signature On Disbursements	Would have required a spousal signature on forms for applications to withdraw CalSTRS accumulated annuity deposit contributions; and authorized governing boards of community college districts to adopt workload balancing programs for certificated employees, as specified. Sponsor: FACCC	Governor Veto (9/23/88)
SB 2682 (C. Green) Intro 2/19/88	Statute of Limitations: Adjustments of Errors/ Omissions	Sets a statute of limitations of three years for adjustments of errors or omissions for purposes of payments into or out of the Teachers' Retirement Fund. Sponsor: CalRTA	Chapter 739, Statutes of 1988

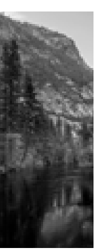
1987 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 165 (Stirling) Intro 12/29/86	Ancillary Benefit Disclosure Requirements	Requires each quarterly supplemental benefit maintenance payment be accompanied by a specified statement regarding the contingent nature of those payments.	Chapter 123, Statutes of 1987
AB 763 (Frizzelle) Intro 2/19/87	Determining Creditable and Noncreditable Earnings	1) Authorizes the board to determine what payments are or are not compensation and salary for retirement purposes when compensation and salary issues are in question (creditable vs. noncreditable earnings); and 2) adds clarifying definitions for the protection of the Teachers' Retirement Fund (TRF) and for improvement in operating efficiency.	Chapter 76, Statutes of 1987
AB 960 (Hughes, et al.) Intro 2/26/87	Golden Handshake	Extends the CalSTRS Golden Handshake Program through June 30, 1990. There is, however, a six-month period from July 1, 1987, through December 31, 1987, when the provisions of this bill are not operative. Sponsor: ACSA, CTA	Chapter 601, Statutes of 1987
AB 1102 (Elder) Intro 3/2/87	Actuarial Valuation Requirements	1) Requires that the actuarial valuation report of the System's assets and liabilities include the components of normal cost and adequate information to determine the effects of changes in actuarial assumptions; 2) requires the actuarial report be transmitted to the Governor and Legislature; 3) extends the sunset date of a provision of law requiring CalSTRS to give priority to investing 25 percent of funds available for new investments in California residential realty; and 4) moved this provision from the Financial Code to the Education Code. Sponsor: Variable Annuity Life Insurance Company	Chapter 416, Statutes of 1987
AB 1424 (Calderon) Intro 3/4/87	TSA Program; administration	Provides that any Tax-Sheltered Annuity (TSA) program operated by CalSTRS must provide all operating costs and expenses without subsidy from the TRF and also prohibits CalSTRS from utilizing its member mailing list for the purpose of transmitting information dedicated solely to advertising or marketing this program. Sponsor: Variable Annuity Life Insurance Company	Chapter 1419, Statutes of 1987



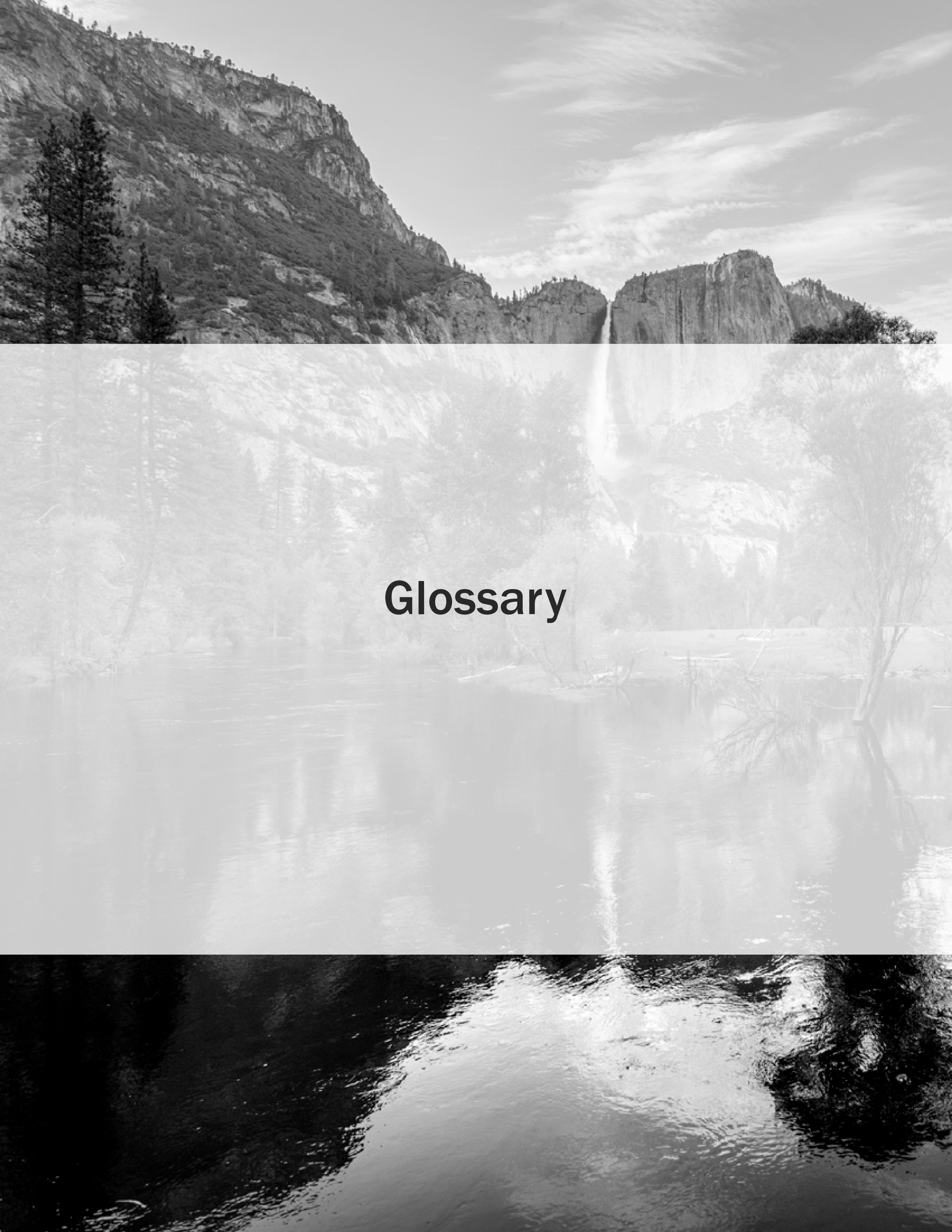
1987 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
AB 2041 (Hughes) Intro 3/6/87	Disabled Members: Limitations	Would have permitted CalSTRS to pay a disability allowance to a disabled member who had filed a preretirement election of an option and would permit a disabled member to file for a preretirement election of an option. The Governor determined that the cost of providing preretirement survivor benefit options to active members of CalSTRS and allowing disabled members to file for those options would increase annual costs and contribute to CalSTRS' unfunded liability. Sponsor: CFT	Governor Veto (9/27/87)
AB 2042 (Hughes) Intro 3/6/87	Postretirement Benefit Increases: Service Retirement	Defines the initial effective date when applying postretirement benefit increases at the time a disability allowance is converted to a service retirement allowance.	Chapter 327, Statutes of 1987
AB 2192 (Grisham) Intro 3/6/87	CalSTRS Technical Housekeeping	1) Adds clarifying changes related to CalSTRS investment managers; 2) deletes obsolete report requirements related to the transition of the CalSTRS investment function from CalPERS; 3) clarifies various CalSTRS plan design aspects related to "normal retirement age;" 4) deletes a reference to a repealed section of the Education Code; 5) adds a clarifying change related to the collection of overpayments; and 6) adds a technical amendment related to the CalSTRS Reduced Workload Program.	Chapter 330, Statutes of 1987
SB 200 (Roberti, et al.) Intro 1/20/87	Litigation: Closed Session Requirements	1) Provides, among other things, that a state body prior to holding a closed session to discuss litigation must require its legal counsel to prepare and submit a memorandum stating the specific reasons and legal authority for closed session; and 2) specifies that all expressions of lawyer-client privilege other than those provided in the litigation subdivision are abrogated. Sponsor: California Newspaper Publishers	Chapter 1320, Statutes of 1987
SB 748 (Royce) Intro 3/2/87	Modify Refund of Contributions: Member Exclusions	1) Authorizes the board, in the refunding of contributions, to dispense with the collection of amounts due from former members if the amount is $50 or less; and 2) codifies administrative procedure by specifically excluding student interns, participants in the New Careers Program, instructional aides and teacher aides from CalSTRS membership.	Chapter 373, Statutes of 1987; effective 1/1/88



1987 State Legislation (1987–88 Legislative Session)

Initiative	Subject	Summary/Benefit(s)	Chapter # or Status
SB 990 (McCorquodale) Intro 3/4/87	Concurrent Retirement	Authorizes concurrent retirement for CalSTRS members with less than five years of CalSTRS service who move to employment covered by the Legislators' Retirement System.	Chapter 1312, Statutes of 1987; effective 1/1/88
SB 998 (Hart) Intro 3/4/87	Education Code Housekeeping	Major clean-up of nonsubstantive items in the Education Code.	Chapter 1452, Statutes of 1987; effective 1/1/88
SB 1130 (McCorquodale) Intro 3/5/87	Errors and Omissions	Authorizes the board to correct errors or omissions due to inadvertence, oversight, mistake of fact, mistake of law, or other cause by the board, the System, employers, members, or their beneficiaries.	Chapter 376, Statutes of 1987; effective 1/1/88
SB 1131 (McCorquodale) Intro 3/5/87	Teachers' Retirement Board: Community College Member	Provides reimbursement to a community college district for the cost of a replacement instructor when the regular instructor, while serving as an appointed board member, is on official System business.	Chapter 1395, Statutes of 1987; effective 1/1/88
SB 1194 (Robbins) Intro 3/5/87	Investments: Shareholder Rights	Requires specified corporations, upon written request of a shareholder, to inform the shareholder of the result of any particular vote taken at specified meetings for a period of 60 days following the conclusion of the meeting. Sponsor: Commission of Corporate Governance, Shareholder Rights and Securities Transactions	Chapter 408, Statutes of 1987; effective 1/1/88
SB 1464 (Keene) Intro 3/6/87	Investments: Shareholder Rights	Mandates an independent appraisal on a leveraged buy out offer by management to protect the interests of shareholders. Sponsor: Commission of Corporate Governance, Shareholder Rights and Securities Transactions	Chapter 627, Statutes of 1987; effective 1/1/88



Glossary

Glossary

Active member (previously "member")
Member of the Defined Benefit Program who has performed creditable service within the last school year.

Actuarial accrued liability
Present value of benefits payable in the future to current members or participants.

Actuarial equivalent
Two benefits of equal present value, using mortality tables and interest rates adopted by the board.

Actuarial experience analysis
Actuarial investigation of the plan's experience examining the factors influencing the cost of a retirement plan; it includes economic factors, such as inflation, return on investment, and wage increases, as well as noneconomic factors, such as mortality and rates of retirement, and is the basis for adopting valuation assumptions.

Actuarial gains and losses
Effect on the cost of a plan when actual experience differs from the assumptions used in determining the cost (because assumptions are long range and current experience fluctuates over the short range, actuarial gains and losses are normal occurrences and are not significant unless either gains or losses caused by the same factor consistently occur over an extended period of time).

Actuarially assumed rate of return
Long-term annual rate of return of investment assumed in the valuations.

Actuarial reduction
A factor applied to reduce a CalSTRS benefit to account for the fact that the benefit will be paid for longer than assumed or over multiple lifetimes.

Actuarial valuation
Determination, as of a given date, of the present value of expected future liabilities of a pension plan, the assets of the plan, the actuarial unfunded obligation, the normal cost rate, the future salaries of members, and the resulting amortization rate for the actuarial unfunded obligation over a specified period.

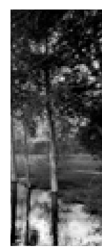
Additional earnings credit
A percentage increase to the account balance of Defined Benefit Supplement Program members and Cash Balance Benefit Program participants that may be granted by the Teachers' Retirement Board when investment earnings have exceeded what is necessary to meet the liabilities of the program.

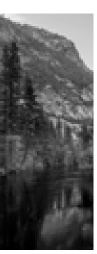
Ad hoc adjustment
A one-time percentage increase in the beginning monthly allowance paid to a specific group of members or beneficiaries that is authorized and prescribed by law.

Age factor
The percentage of final compensation that a member will receive as a retirement benefit for every year of service credit; the age factor is based on the member's age on the last day of the month in which the retirement is effective.

Amortization rate
The contribution rate (usually expressed as a level percentage of payroll) needed to eliminate the unfunded obligation over a specified time; this rate is affected by changes in experience, underpayment or overpayment of contributions, and by plan changes that apply to service performed prior to the valuation date.

Annual benefit adjustment
An automatic annual increase to the monthly benefit effective on September 1 of each year after the first anniversary of the benefit effective date and appears on the October 1 payment: annual benefit adjustments are calculated at 2 percent of the initial benefit and are not compounded or tied to changes in the cost of living. Under the CalSTRS Funding Plan, the 2 percent annual benefit adjustment cannot be reduced for members who retire on or after January 1, 2014; the adjustment is not contractually guaranteed for members who retired before January 1, 2014.





Annuitant reserve
Reserve established within the Teachers' Retirement Fund to which assets from a member's Defined Benefit Supplement Program account, or a participant's Cash Balance Benefit Program account, are transferred when the member or participant has elected to receive a benefit payment in the form of an annuity.

Annuity
For the Member-Only Defined Benefit Supplement or Participant-Only Cash Balance annuity, a lifetime monthly payment equal to the balance of a member's or participant's account; any balance remaining upon the member's or participant's death will be paid to the one-time death benefit recipient or recipients.

Annuity beneficiary
The person or special needs trust designated by a member or participant to receive an annuity under the Defined Benefit Supplement Program or the Cash Balance Benefit Program upon the death of the member or participant.

Barnes Act
Part 13 and 14 of the Education Code, governing administration of the State Teachers' Retirement Plan; formal name is the "E. Richard Barnes Act," otherwise known as the Teachers' Retirement Law.

Basis of employment
Standard of time over which the employer expects service to be performed by an employee during the school year.

Beneficiary
Any person or entity receiving or entitled to receive payments after a member or participant's death; only a person or special needs trust (not an estate, other type of trust or corporation) may be designated to receive an option benefit upon death.

Benefit
Monthly or lump-sum amount payable to a retired member, disabled member, retired participant, disabled participant, or beneficiary.

Board
The 12-member Teachers' Retirement Board that administers the State Teachers' Retirement Plan and the Medicare Premium Payment Program.

California service
Employment service performed in California for which service credit may be given.

California State Teachers' Retirement System (CalSTRS)
The agency with responsibility to administer the State Teachers' Retirement Plan, which is overseen by the Teachers' Retirement Board and governed by Parts 13, 13.5, and 14 of the Education Code.

CalSTRS 2% at 60
Benefit structure for members and participants first hired to perform service that could be credited to the Defined Benefit Program on or before December 31, 2012; this includes those who were CalSTRS members or participants before 2013, terminated membership or participation, and then returned to active membership or participation on or after January 1, 2013; those who performed CalSTRS creditable service subject to coverage under a different retirement system, including Social Security, before January 1, 2013; and those who were members of a concurrent retirement system on or before December 31, 2012, and who performed service under that system within six months of becoming a CalSTRS member.

CalSTRS 2% at 62
Benefit structure for members and participants first hired to perform service that could be credited to the Defined Benefit Program on or after January 1, 2013, unless the member or participant was a member of a concurrent retirement system on or before December 31, 2012, and performed service under that system within six months of becoming a CalSTRS member.

Career factor
An increase to the percentage of final compensation on which a member's Defined Benefit service retirement allowance is based; to be eligible for the increase, a member must have retired on or after January 1, 1999, with 30 or more years of service credit; the percentage of final compensation is increased by 0.2 percent to a maximum age factor of 2.40 percent; not available to CalSTRS 2% at 62 members.

Cash Balance Benefit Program (CB Benefit Program)

An alternative cash balance type of CalSTRS defined benefit plan for educators hired to work part time. The CB Benefit Program is an alternative to Social Security, private plans and the DB Program.

Certificated

Holding by a person of a credential required by law to be held as a condition of valid employment in the position in which the person is employed.

Class of employees

Group of employees who perform similar duties, are employed in the same type of program, or share other similarities related to the work being performed.

Compensation earnable

Compensation a person could earn in a school year for creditable service performed full time not including service for which contributions are credited to the Defined Benefit Supplement account.

Concurrent membership

Membership in the Defined Benefit Program by an individual who is credited with service that is not used as a basis for benefits under any other public retirement system and who is also a member of the California Public Employees' Retirement System, the Legislators' Retirement System, the University of California Retirement System, county retirement systems established under Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 of the Government Code, or the San Francisco Employees' Retirement System; members with concurrent membership are eligible for specific benefits, including the right to redeposit previously refunded contributions without being re-employed in a position subject to coverage in that retirement system and to have final compensation computed using eligible compensation under either system.

Concurrent retirement

Retiring for service from the Defined Benefit Program and another specified California public retirement system, as long as the member performs no service creditable to either system between retirement dates; CalSTRS may use the compensation for service performed under the other retirement system to calculate the CalSTRS retirement benefit if the service was performed during periods in which CalSTRS compensation earnable is unavailable.

Contribution rate

Percentage of creditable compensation required to be paid by a member, participant, or employer to finance the benefits provided under the State Teachers' Retirement Plan.

Coverage A

Program of disability and family allowances available to persons who were members of the Defined Benefit Program prior to October 16, 1992, and did not elect Coverage B during the election window period.

Coverage B

Program of disability and survivor benefits available to persons who became members on or after October 16, 1992, or were members of the Defined Benefit Program on or before October 15, 1992, and elected Coverage B during the election window period.

Creditable compensation

In the Defined Benefit Program, the salary and other remuneration paid in cash by an employer to everyone in the same class of employees for performing creditable service; for CalSTRS 2% at 62 members, only compensation paid in cash each pay period in which creditable service is performed under a publicly available written contractual agreement is creditable.

Creditable service

Specific employment activities, such as teaching, vocational or guidance counseling, mentoring, services related to school curriculum and certain administrative duties performed for an employer in a position requiring certification standards adopted by the Commission on Teacher Credentialing, or under minimum standards adopted by the Board of Governors of the California Community Colleges, or under the provisions of an approved charter for a charter school eligible to receive a state apportionment; includes service performed by school health professionals, school librarians, superintendents and others as defined in California Education Code section 22119.5.

Credited interest
Interest that is credited at the end of each fiscal year to the accumulated Defined Benefit contributions and interest in each active and inactive member's account at the interest rate adopted by the Teachers' Retirement Board; the current rate approximates the yield on two-year Treasury notes.

Credited service
Service for which required contributions have been paid and used to determine eligibility for an allowance payable under the Defined Benefit Program; may also include up to two-tenths of one year of service granted for accumulated and unused sick leave.

Death benefit
The benefit payable under the Cash Balance Benefit Program upon the death of the participant.

Death payment
Amount payable to the death benefit recipient of a member of the Defined Benefit Program upon the member's death; also referred to as one-time death benefit.

Defined benefit plan
A retirement plan in which the retirement benefit is based on a formula, not on how much a member contributes or how well investments perform.

Defined Benefit Program (DB Program)
A traditional defined benefit plan within the State Teachers' Retirement Plan that provides a lifetime retirement benefit (based on a formula set by law: age factor x service credit x final compensation), and disability and survivor benefits.

Defined Benefit Supplement Program (DBS Program)
A cash balance type of defined benefit plan for Defined Benefit Program members that provides an additional retirement benefit; for every dollar a member and the employer contribute to the program, the member's account is credited accordingly; the account earns guaranteed interest and any additional earnings credits declared by the Teachers' Retirement Board; benefits are paid as either a lump-sum or an annuity equal to the total balance the account; the member and employer make contributions on compensation earned from service in excess of one year of service credit and, for CalSTRS 2% at 60 members, limited-term payments and retirement incentives, from January 1, 2001, through December 31, 2010, 25 percent of the regular monthly Defined Benefit member contribution was also credited to the DBS Program account.

Defined contribution plan
A retirement plan in which the benefit depends on contributions, investment gains or losses, and expenses; benefits under defined contribution plans are not guaranteed.

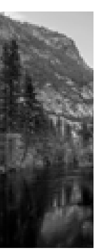
Disabled member
Member of the Defined Benefit Program receiving a disability benefit.

Disabled participant
Participant in the Cash Balance Benefit Program receiving a disability benefit.

Disability allowance
Applies to Coverage A; a feature of the Defined Benefit Program for individuals who became members on or before October 15, 1992, and who did not elect Coverage B during the election window period, that provides partial income replacement for disabled members; the allowance is paid as long as the individual is disabled up to the age of 60 when the member becomes eligible for service retirement.

Disability retirement benefit
Applies to Coverage B; a feature of the Defined Benefit Program for individuals who became members after October 15, 1992, or elected coverage during the election window period of October 1992 and April 1993; those receiving payments under this benefit program are "retired" and will be paid as long as they are disabled, without respect to age.

Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)
Federal legislation enacting a number of changes to federal law to enhance the portability of funds among different types of retirement plans, including 401(k), 403(b), 457(b) plans, IRAs, and 401(a) retirement plans; in addition, it increases the contribution limits to 403(b), 457(b), and 401(a) plans and increases the annual allowance limit for defined benefit plans.



Employee Retirement Income Security Act of 1974 (ERISA)

Federal statutory framework that governs the administration of employee benefit plans and the rights of the beneficiaries under the plan; applies to any employee benefits plan if the plan is established or maintained by an employer engaged in commerce or by an employee organization representing employees engaged in commerce or in any industry or activity affecting commerce.

Entry age normal cost method

An actuarial cost method under which the actuarial present value of projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages; CalSTRS uses this method for the valuation of the Defined Benefit Program.

Family allowance

A monthly amount paid to a member's surviving spouse or registered domestic partner with eligible dependent children after the death of the member; the maximum amount is 90 percent of final compensation: 40 percent to the spouse or partner, and 10 percent for each eligible dependent child, up to five children.

Final benefit

Lump-sum benefit payable to the death benefit recipient of a member under the Defined Benefit Supplement Program upon the member's death.

Final compensation

The highest average annual compensation earnable during a specified period of CalSTRS-covered employment; the period is 12 consecutive months for CalSTRS 2% at 60 members with at least 25 years of service credit and 36 consecutive months for members with fewer than 25 years of service credit and for CalSTRS 2% at 62 members; final compensation is determined based on actual earnings for non-service based benefits, including CalSTRS disability benefits as well as some types of family allowances and survivor benefits.

Full time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement to receive the compensation earnable.

Full-time equivalent (FTE)

Time a person who is employed on a part-time basis would be required to serve in a school year if he or she were employed full-time in that position.

Funding period

Time frame over which amortization occurs; it properly represents a specific date in the future at which time amortization is expected to be complete; this is known as a "closed" funding period; if contribution rates are fixed, the funding period will vary with each actuarial valuation; if contribution rates are adjusted after each actuarial valuation, the funding period is usually fixed and the contribution rate is adjusted to the level needed to amortize by the end of the funding period.

Funding rate

Cost, expressed as a level percentage of payroll, of paying the normal cost of services and eliminating the actuarial unfunded obligation over a specified period of time; the sum of the normal cost rate plus the amortization rate.

Gain and Loss Reserve

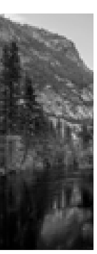
Separate reserve accounts established for the Defined Benefit Supplement Program and the Cash Balance Benefit Program available to be drawn on to the extent necessary to credit interest to employee accounts and employer accounts if investment earnings are not adequate to meet the minimum interest rate.

Government Pension Offset (GPO)

Provision under the Social Security Act, which reduces the Social Security benefits paid to a spouse if the spouse receives a pension based on employment not covered by Social Security.

Inactive member

Member who is not a retired member or a disabled member and has not earned creditable compensation during the school year ending June 30, including members who terminate CalSTRS-covered employment and delay retirement.



Indexed final compensation
The final compensation used to determine disability benefits, multiplied by the indexed final compensation factor, based on the year of the initial benefit.

Joint and survivor annuity
Plan feature where a retired participant in the Cash Balance Benefit Program or retired member receiving a benefit under the Defined Benefit Supplement Program may choose to redistribute his or her retirement benefit over both the life of the participant or member and that of a beneficiary chosen by the participant or member or a special needs trust (similar to an option available to a member of the Defined Benefit Program).

Longevity Bonus
Monthly benefit of $200, $300, or $400 that is added to the Member-Only Benefit of those members whose accumulated service credit was at least 30 years by the end of the window period ending December 31, 2010, regardless of when the member retires on or after January 1, 2001.

Medicare Premium Payment Program (MPP Program)
Program under which CalSTRS pays the Medicare Part A premiums and applicable late enrollment surcharges for eligible retired Defined Benefit Program members who do not qualify for Medicare Part A coverage on a premium-free basis; the Teachers' Retirement Board has extended coverage to eligible members retiring prior to July 1, 2012; however, CalSTRS cannot pay any late enrollment surcharges for DB Program members who enrolled in Medicare after July 1, 2001.

Member
Person who has performed creditable service under the Defined Benefit Program, has earned creditable compensation for that service, and has not received a refund for that service, unless specifically excluded by law.

Member-Only Benefit
The highest monthly benefit a member can receive at retirement for service or disability before any reduction to provide for an option beneficiary; a member-only benefit is also known as an "unmodified benefit."

Minimum interest rate
Annual rate determined by the board and credited to employee and employer accounts in the Cash Balance Benefit Program and the Defined Benefit Supplement Program; the rate is based on the average rate paid on 30-year Treasury bonds for the 12-month period ending in the February immediately preceding the plan year rounded up to the nearest quarter percentage point.

Mortality rate
Average expected death rate for a group of individuals at a given age.

Multiple retirements
Retirement by a member subsequent to the reinstatement of the member who previously received a service retirement allowance or a disability retirement allowance.

Nonqualified service
Service not connected to any prior specific employment or leave; the purchase of nonqualified service credit is no longer permitted.

Normal cost rate
The cost assigned to an average member for a given year such that it would meet the continuing costs of a particular benefit if contributed each year starting with the date of membership.

Normal retirement age
Age at which a member of the Defined Benefit Program is eligible for a service retirement allowance without reduction because of age and without special qualifications; the normal retirement age for members of the Defined Benefit Program is 60 for members under CalSTRS 2% at 60 and 62 for members under CalSTRS 2% at 62.

Option
A plan feature that allows a member to distribute retirement benefits over the member's lifetime and the lifetime of other people or a special needs trust; the Defined Benefit Program offers four options:

- **100% Beneficiary Option:** Upon the member's death, the reduced benefit will be paid to the option beneficiary for life. If the option beneficiary dies before the member, the member's benefit will be raised to the Member-Only Benefit level.

- **75% Beneficiary Option:** Upon the member's death, three-quarters of the reduced benefit will be paid to the option beneficiary for life. If the option beneficiary predeceases the member, the member's benefit will be raised to the Member-Only Benefit level.
- **50% Beneficiary Option:** Upon the member's death, one-half the reduced benefit will be paid to the option beneficiary for life. If the option beneficiary predeceases the member, the member's benefit will be raised to the Member-Only Benefit level.
- **Compound Option:** Upon the member's death, benefits will be paid to multiple option beneficiaries for life. The benefit paid to an individual beneficiary depends on which option was selected for that beneficiary, and what percentage of the total benefit was subject to the option and beneficiary selected.

Option beneficiary
The person or special needs trust a member names to receive a lifetime monthly benefit after the member's death.

Option factor
An actuarially determined factor used to calculate the amount of monthly benefit when an option is selected to provide a lifetime monthly benefit to one or more designated option beneficiaries after the member's death.

Overtime
Total service performed by a member in excess of the hours of work considered normal for employees employed on a full-time basis.

Participant
Person who has performed creditable service subject to coverage by the Cash Balance Benefit Program, who has contributions credited under the program or is receiving an annuity under the program, or who has not yet received his or her lump-sum retirement benefit.

PEPRA
The California Public Employees' Pension Reform Act of 2013, which made a variety of changes to the CalSTRS benefit structure that primarily affect those who are first hired on or after January 1, 2013.

Permissive service credit
Specified previous service or time, such as maternity / paternity leave, sabbaticals, or teaching in public schools in another state or territory, for which a member may purchase service credit.

Preretirement option election
Election of an option by a member who is eligible to retire but not yet ready to do so, wherein the member selects an option and designates a beneficiary to receive a lifetime monthly benefit upon the death of the member, if the death precedes the member's retirement; If a preretirement election of an option is changed or cancelled, or the option beneficiary dies before the member retires, the member's retirement benefit may be permanently reduced.

Present value
The amount of money needed on the effective date of retirement to reimburse the system for the actuarially determined cost of the portion of a member's retirement allowance attributable to unused excess sick leave days; the present value on the effective date of retirement shall equal the number of unused excess sick leave days divided by the number of base days, multiplied by the prior year's compensation earnable multiplied by the present value factor.

Projected final compensation
The final compensation used to determine a member's disability or survivor benefit under Coverage A, increased by 2 percent, compounded annually, to the earlier of age 60 or the date the disability benefit is terminated.

Projected service
Service credit plus the service that would have been earned to age 60 (or termination of the disability benefit, whichever comes first) had the member continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding the member's death or the date the disability benefit began to accrue under Coverage A.

Purchasing power benefit
CalSTRS pays quarterly, supplemental benefits from the Supplemental Benefit Maintenance Account (SBMA) to retirees and beneficiaries when inflation erodes their monthly benefits below 85 percent of the original consumer

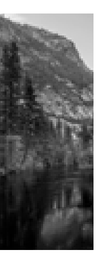
purchasing power; these payments are guaranteed as long as there are funds in the SBMA to pay the benefits at that 85 percent level; the state contributes 2.5 percent of the CalSTRS payroll into the SBMA minus $72 million each year.

Registered Domestic Partnership
Established by Chapter 421, Statutes of 2003, effective January 1, 2005, two people registered with the California Secretary of State as domestic partners; registered domestic partners must be members of the same sex or one or both of the persons must be over the age of 62.

Regular interest
Interest equal to the actuarially assumed rate of return on investments on assets of the Defined Benefit Program; regular interest rates are used in financing service credit purchases and in the calculation of redeposits of previously withdrawn contributions and interest; all interest collected are appended to the member's DB account.

Reinstatement
Termination of a service retirement benefit or disability retirement benefit and establishing status either as an inactive member or an active member.

Retired member
A member who has terminated employment and has retired for service or has retired for disability and to whom a retirement benefit is payable.



Retired participant
Participant of the Cash Balance Benefit Program who has terminated employment and received either a lump-sum payment or a retirement benefit in the form of a monthly annuity.

Retirement allowance
Monthly benefit payable to a retired member or an option beneficiary under the Defined Benefit Program upon retirement for reasons other than disability.

Single life annuity
Election by a participant under the Cash Balance Benefit Program or a member of the Defined Benefit Supplement Program in which an annuity benefit ceases being paid upon the death of the participant or member.

State Teachers' Retirement Plan
Plan of retirement benefits and other ancillary benefits provided through the Defined Benefit Program, the Cash Balance Benefit Program, and the Defined Benefit Supplement Program.

Survivor benefit allowance
A monthly allowance payable upon the death of an active member who was subject to Coverage B.

System
California State Teachers' Retirement System.

Teachers' Health Benefit Fund
A fund established within the State Treasury to which employer contributions are credited for the purposes of paying the Medicare Part A premiums for members who participate in the Medicare Premium Payment Program.

Teachers' Retirement Board (board)
The 12-member body that administers the State Teachers' Retirement Plan and the Medicare Premium Payment Program.

Teachers' Retirement Fund (TRF)
Trust fund in the State Treasury in which all contributions and investment earnings associated with the Defined Benefit Program, the Defined Benefit Supplement Program, and the Cash Balance Benefit Program are held and from which all benefits are paid.

Teachers' Retirement Law (TRL)
Part 13 of the Education Code, governing administration of the Defined Benefit Program and the Defined Benefit Supplement Program, Part 13.5 of the Education Code, governing the health care benefits program, and Part 14 of the Education Code, governing administration of the Cash Balance Benefit Program.

Termination benefit
Benefit paid from the employee account and the employer account to a Cash Balance Benefit Program participant, or to a Defined Benefit Program member under the Defined Benefit Supplement Program, on a lump-sum basis upon termination of service for any reason other than death, disability, or retirement of the participant or member.

Traditional unit credit cost method

Method under which the actuarial accrued liability is equal to the present value of benefits for service accrued to the valuation date; normal cost is equal to the actuarial present value of benefits allocated to a valuation year; this is the cost method used for the Cash Balance Benefit Program.

Unfunded actuarial obligation

Additional assets a retirement plan would need to have on the valuation date in order to meet the expected liabilities of the plan for service performed in the past; this figure does not include any liabilities incurred for future service or any assets received in the future; liabilities are based on anticipated future salary increases used to determine future benefits; the value is dependent on the actuarial assumptions, the population, the actuarial cost method, and the asset valuation method; sometimes called the unfunded liability or unfunded actuarial accrued liability.

Unmodified benefit

Maximum monthly benefit paid to a retired member, which terminates on the death of that member under the Defined Benefit Program; an unmodified benefit is also known as a "Member-Only Benefit."

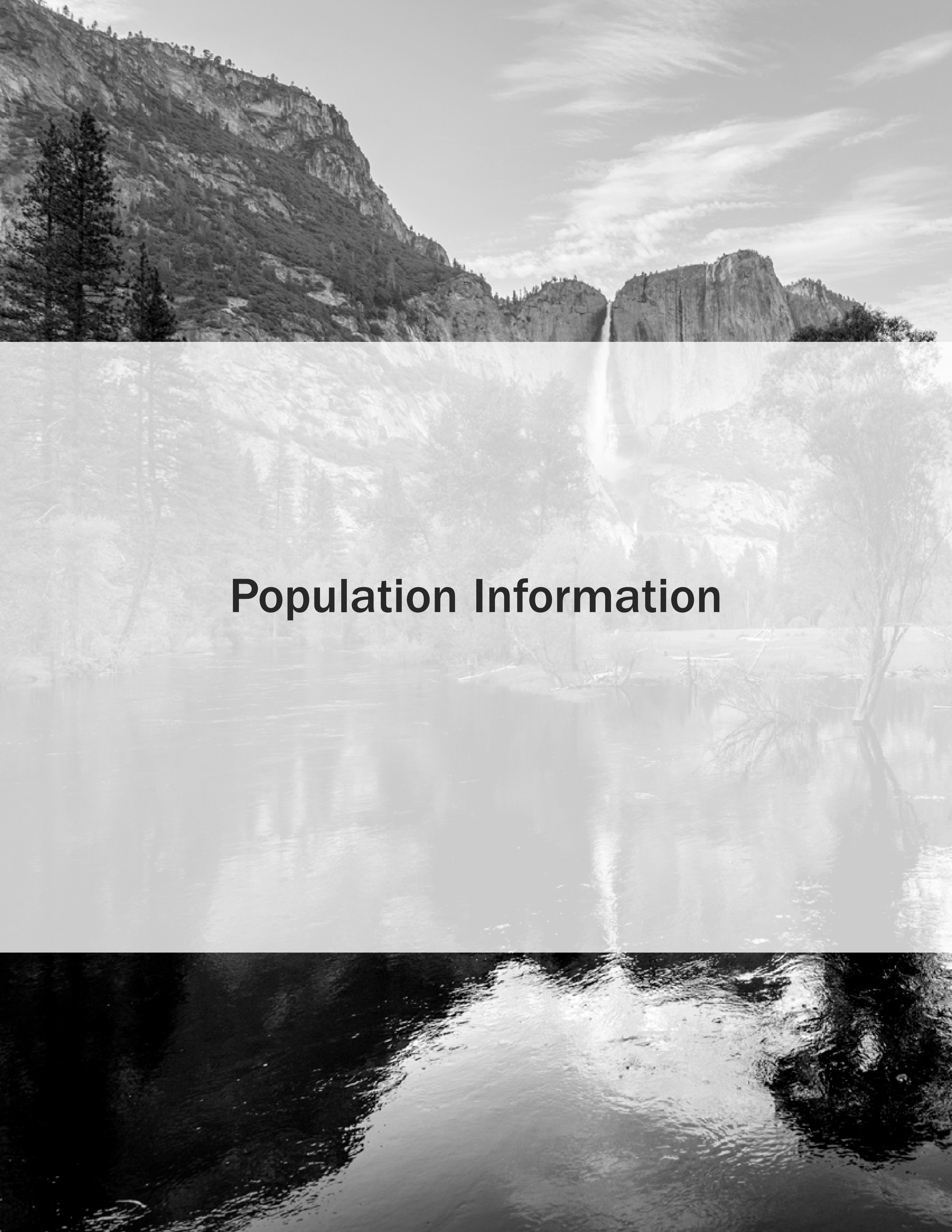
Valuation assumptions

Factors used in calculating the expected future liabilities and assets of a retirement plan; they are long-range averages and are not necessarily indicative of current conditions; the most commonly quoted assumptions are return on investments, wage inflation, and rate of inflation; other assumptions, such as mortality rate and turnover, concern the number of people contributing to the retirement plan or drawing a benefit from the plan.

Windfall Elimination Provision (WEP)

A provision under the Social Security Act, under which an alternative formula is used to determine an individual's Social Security benefit, resulting in a lower Social Security benefit for retirees who worked in employment not covered by Social Security and who held jobs where they paid Social Security taxes long enough to become eligible for a Social Security benefit.

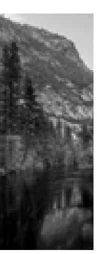
Population Information



Population Information

For Fiscal Year 2017–18 (As of June 30, 2018)

Defined Benefit Program:



Defined Benefit Supplement Program:

Cash Balance Benefit Program:

Other CalSTRS Programs:

Table 1

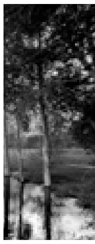
Defined Benefit Program

Active Member Characteristics

ALL ACTIVE MEMBERS

Fiscal Year Ending June 30	Count	Average Earnable Salary[1]	Average Age	Average Service Credit	Average Service Projected to Age 60
1993	313,617	$39,945	44.7	12.0	27.3
1994	319,176	40,180	44.7	12.0	27.2
1995	327,513	40,716	44.8	11.9	27.1
1996	336,725	41,577	44.9	11.8	27.0
1997	364,000	42,557	44.5	11.3	26.8
1998	385,530	43,766	44.3	11.0	26.7
1999	402,220	45,421	44.2	10.8	26.6
2000	420,530	46,677	44.2	10.7	26.5
2001	428,741	51,478	44.3	10.7	26.4
2002	442,208	53,113	44.3	10.5	26.2
2003	448,478	54,065	44.3	10.5	26.2
2004	444,680	54,978	44.5	10.7	26.2
2005	450,282	55,900	44.5	10.7	26.2
2006	453,365	57,698	44.6	10.8	26.1
2007	455,693	61,097	44.7	10.8	26.1
2008	461,378	63,281	44.7	10.8	26.2
2009	459,009	64,044	44.8	11.0	26.2
2010	441,544	64,156	45.1	11.3	26.3
2011	429,600	64,069	45.3	11.6	26.3
2012	421,499	64,743	45.5	11.9	26.5
2013	416,643	65,571	45.6	12.2	26.6
2014	420,887	67,276	45.6	12.3	26.6
2015	429,460	69,597	45.5	12.2	26.7
2016	438,537	72,550	45.4	12.1	26.7
2017	445,935	74,346	45.3	12.1	26.8
2018	449,595	75,604	45.2	12.1	26.9

[1] Average salary that would be paid if members worked on a full-time basis.



continued

Table 1

Defined Benefit Program

Active Member Characteristics

2% AT 60 MEMBERS

Fiscal Year Ending June 30	Count	Average Earnable Salary[1]	Average Age	Average Service Credit	Average Service Projected to Age 60
2014	401,342	$68,810	46.3	12.8	26.5
2015	389,790	72,519	46.8	13.4	26.6
2016	377,595	77,015	47.4	13.9	26.5
2017	363,831	80,291	47.9	14.4	26.6
2018	349,181	82,872	48.3	15.0	26.7

2% AT 62 MEMBERS

Fiscal Year Ending June 30	Count	Average Earnable Salary[1]	Average Age	Average Service Credit	Average Service Projected to Age 60
2014	19,545	$35,776	32.6	0.6	28.0
2015	39,670	40,879	33.1	0.9	27.8
2016	60,942	44,884	33.6	1.3	27.7
2017	82,104	48,000	34.0	1.6	27.6
2018	100,414	50,329	34.4	2.0	27.6

[1] Average salary that would be paid if members worked on a full-time basis.

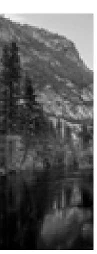


Table 2

Defined Benefit Program

Active Member Salary Characteristics

		ALL ACTIVE MEMBERS				
		EARNED SALARY		EARNABLE SALARY[1]		
Fiscal Year Ending June 30	Count	Total Salary	Average Salary	Average Salary	% Increase Over Prior Year	Average % Increase to 2017
1997	364,000	$14,371,068,403	$39,481	$42,557	2.4%	2.8
1998	385,530	15,725,658,541	40,790	43,766	2.8%	2.8
1999	402,220	17,007,886,951	42,285	45,421	3.8%	2.7
2000	420,530	18,224,271,726	43,336	46,677	2.8%	2.7
2001	428,741	20,494,151,991	47,801	51,478	10.3%	2.3
2002	442,208	21,731,775,317	49,144	53,113	3.2%	2.2
2003	448,478	22,654,369,277[2]	50,514[2]	54,065[2]	1.8%	2.3
2004	444,680	22,589,060,244[2]	50,798[2]	54,978[2]	1.7%	2.3
2005	450,282	23,256,622,046	51,649	55,900	1.7%	2.3
2006	453,365	24,239,606,097	53,466	57,698	3.2%	2.3
2007	455,693	25,784,070,670	56,582	61,097	5.9%	2.0
2008	461,378	27,118,230,762	58,777	63,281	3.6%	1.8
2009	459,009	27,327,386,616	59,536	64,044	1.2%	1.9
2010	441,544	26,274,889,981	59,507	64,156	0.2%	2.1
2011	429,600	25,576,008,636	59,534	64,069	-0.1%	2.4
2012	421,499	25,388,209,920	60,233	64,743	1.1%	2.6
2013	416,643	25,479,056,693	61,153	65,571	1.3%	2.9
2014	420,887	26,469,883,008	62,891	67,276	2.6%	3.0
2015	429,460	28,013,191,853	65,229	69,597	3.4%	2.8
2016	438,537	29,826,149,337	68,013	72,550	4.2%	2.1
2017	445,935	31,136,104,704	69,822	74,346	2.5%	1.7
2018	449,595	31,884,303,004	70,918	$75,604	1.7%	—

[1] Salary that would be paid if members worked on a full-time basis.

[2] Total Salary, Average Earned Salary, and Average Earnable Salary figures revised in 2005. Previous reported figures included DBS Program Extra Service Credit and Limited Term Enhancement earnings.

continued

Table 2

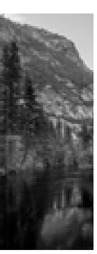
Defined Benefit Program

Active Member Salary Characteristics

		2% AT 60 MEMBERS				
		EARNED SALARY		EARNABLE SALARY[1]		
Fiscal Year Ending June 30	Count	Total Salary	Average Salary	Average Salary	% Increase Over Prior Year	Average % Increase to 2017
2014	401,342	$26,025,548,355	$64,846	$68,810	n/a	4.8
2015	389,790	26,803,662,334	68,764	72,519	5.4%	4.5
2016	377,595	27,661,401,807	73,257	77,015	6.2%	3.7
2017	363,831	27,881,196,405	76,632	80,291	4.3%	3.2
2018	349,181	27,636,699,351	79,147	82,872	3.2%	—

		2% AT 62 MEMBERS				
		EARNED SALARY		EARNABLE SALARY[1]		
Fiscal Year Ending June 30	Count	Total Salary	Average Salary	Average Salary	% Increase Over Prior Year	Average % Increase to 2017
2014	19,545	$444,334,653	$22,734	$35,776	n/a	8.9
2015	39,670	1,209,529,519	30,490	40,879	14.3%	7.2
2016	60,942	2,164,747,530	35,521	44,884	9.8%	5.9
2017	82,104	3,254,908,299	39,644	48,000	6.9%	4.9
2018	100,414	4,247,603,653	42,301	50,329	4.9%	—

[1] Salary that would be paid if members worked on a full-time basis.



continued

Table 2

Defined Benefit Program

Active Member Salary Characteristics

		TOTAL ACTIVE MEMBERS AS OF JUNE 30, 2018							
		Count	Percent of Total	Average Age	Average Service	Calculated Average Entry Age	Median Entry Age [1]	Average Earnable Salary [2]	Average Accumulated Contributions
All Actives	Male	126,165	28.1%	46.3	12.442	33.8	29.2	$76,779	$71,498
	Female	323,430	71.9%	44.8	11.947	32.9	27.5	75,146	66,673
	Total	449,595	100.0%	45.2	12.086	33.1	28.0	$75,604	$68,027
2% at 60	Male	97,772	28.0%	49.3	15.502	33.8	29.0	$84,969	$89,679
	Female	251,409	72.0%	47.9	14.784	33.2	27.3	82,057	82,956
	Total	349,181	100.0%	48.3	14.985	33.3	27.8	$82,872	$84,838
2% at 62	Male	28,393	28.3%	35.7	1.907	33.8	30.0	$48,576	$8,893
	Female	72,021	71.7%	33.9	2.044	31.9	28.2	51,020	9,834
	Total	100,414	100.0%	34.4	2.006	32.4	28.7	$ 50,329	$9,568

[1]Entry age determined using initial membership date.

[3]Salary that would be paid if members worked on a full-time basis.

Table 3

Defined Benefit Program

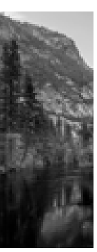
Distribution of Active Members by Age and Service

Age and service to nearest full year as of June 30, 2018

MALE

Age	Years of Service: 1 & Under	Greater than 1 & Under 5	5–9	10–14	15–19	20–24
Less than 25	1,199	350	0	0	0	0
25 to 30	3,398	5,430	498	0	0	0
30 to 35	2,089	5,696	3,950	660	0	0
35 to 40	1,566	3,982	4,147	5,529	871	1
40 to 45	1,166	2,747	2,595	4,887	6,337	928
45 to 50	1,047	2,150	1,873	3,261	6,130	5,906
50 to 55	741	1,643	1,393	2,095	3,500	4,663
55 to 60	639	1,323	1,089	1,522	2,457	2,736
60 to 65	389	1,012	865	1,183	1,597	1,576
65 to 70	258	587	487	549	716	625
70 and over	161	425	314	298	268	194
Age Unknown	0	0	0	0	0	0
Total	12,653	25,345	17,211	19,984	21,876	16,629

Age	Years of Service: 25–29	30–34	35–39	40–44	45 and Over	Total
Less than 25	0	0	0	0	0	1,549
25 to 30	0	0	0	0	0	9,326
30 to 35	0	0	0	0	0	12,395
35 to 40	0	0	0	0	0	16,096
40 to 45	3	0	0	0	0	18,663
45 to 50	368	2	0	0	0	20,737
50 to 55	2,926	213	0	0	0	17,174
55 to 60	2,879	1,968	136	1	0	14,750
60 to 65	1,385	913	466	23	0	9,409
65 to 70	399	242	115	70	3	4,051
70 and over	127	80	56	42	50	2,015
Age Unknown	0	0	0	0	0	0
Total	8,087	3,418	773	136	53	126,165



continued

Table 3

Defined Benefit Program

Distribution of Active Members by Age and Service

Age and service to nearest full year as of June 30, 2018

FEMALE

Age	Years of Service					
	1 & Under	Greater than 1 & Under 5	5–9	10–14	15–19	20–24
Less than 25	4,126	1,600	2	0	0	0
25 to 30	8,264	18,639	2,381	0	0	0
30 to 35	4,406	15,199	13,527	2,563	2	0
35 to 40	3,499	9,687	11,392	18,249	2,806	2
40 to 45	2,735	7,117	7,362	13,244	17,510	2,258
45 to 50	2,151	5,759	5,955	8,582	13,418	12,949
50 to 55	1,455	4,012	4,187	5,883	8,100	8,788
55 to 60	1,064	2,937	3,121	4,776	6,483	6,453
60 to 65	584	1,794	1,963	2,952	4,236	4,151
65 to 70	278	821	845	1,052	1,528	1,418
70 and over	149	417	398	360	439	362
Age Unknown	0	0	0	0	0	0
Total	28,711	67,982	51,133	57,661	54,522	36,381

Age	Years of Service					
	25–29	30–34	35–39	40–44	45 and Over	Total
Less than 25	0	0	0	0	0	5,728
25 to 30	0	0	0	0	0	29,284
30 to 35	0	0	0	0	0	35,697
35 to 40	0	0	0	0	0	45,635
40 to 45	2	0	0	0	0	50,228
45 to 50	885	1	0	0	0	49,700
50 to 55	6,506	756	3	0	0	39,690
55 to 60	5,784	4,671	376	3	0	35,668
60 to 65	2,929	1,841	974	48	0	21,472
65 to 70	837	390	211	139	18	7,537
70 and over	265	186	87	57	71	2,791
Age Unknown	0	0	0	0	0	0
Total	17,208	7,845	1,651	247	89	323,430

continued

Table 3

Defined Benefit Program

Distribution of Active Members by Age and Service

Age and service to nearest full year as of June 30, 2018

TOTAL

	Years of Service					
Age	1 & Under	Greater than 1 & Under 5	5–9	10–14	15–19	20–24
Less than 25	5,325	1,950	2	0	0	0
25 to 30	11,662	24,069	2,879	0	0	0
30 to 35	6,495	20,895	17,477	3,223	2	0
35 to 40	5,065	13,669	15,539	23,778	3,677	3
40 to 45	3,901	9,864	9,957	18,131	23,847	3,186
45 to 50	3,198	7,909	7,828	11,843	19,548	18,855
50 to 55	2,196	5,655	5,580	7,978	11,600	13,451
55 to 60	1,703	4,260	4,210	6,298	8,940	9,189
60 to 65	973	2,806	2,828	4,135	5,833	5,727
65 to 70	536	1,408	1,332	1,601	2,244	2,043
70 and over	310	842	712	658	707	556
Age Unknown	0	0	0	0	0	0
Total	41,364	93,327	68,344	77,645	76,398	53,010

	Years of Service					
Age	25–29	30–34	35–39	40–44	45 and Over	Total
Less than 25	0	0	0	0	0	7,277
25 to 30	0	0	0	0	0	38,610
30 to 35	0	0	0	0	0	48,092
35 to 40	0	0	0	0	0	61,731
40 to 45	5	0	0	0	0	68,891
45 to 50	1,253	3	0	0	0	70,437
50 to 55	9,432	969	3	0	0	56,864
55 to 60	8,663	6,639	512	4	0	50,418
60 to 65	4,314	2,754	1,440	71	0	30,881
65 to 70	1,236	632	326	209	21	11,588
70 and over	392	266	143	99	121	4,806
Age Unknown	0	0	0	0	0	0
Total	25,295	11,263	2,424	383	142	449,595

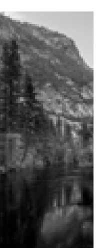


Table 4

Defined Benefit Program

Active Members Classified by Age

As of June 30, 2018

MALE

Age	Count	Average Service Credit	Average Earnable Salary[1]	Age	Count	Average Service Credit	Average Earnable Salary[1]
<20	2	0.408	$36,829	46	4,019	14.554	$85,798
20	6	0.691	36,273	47	4,480	14.956	86,174
21	22	0.433	31,253	48	4,278	15.451	86,370
22	138	0.425	31,343	49	4,036	15.883	86,659
23	480	0.607	34,449	50	3,790	16.259	86,648
24	901	0.868	37,087	51	3,463	16.799	87,840
25	1,368	1.189	39,874	52	3,262	17.196	87,598
26	1,675	1.544	42,641	53	3,369	17.427	86,876
27	1,961	1.904	45,801	54	3,290	18.053	87,685
28	2,176	2.285	48,098	55	3,245	18.352	87,699
29	2,146	2.614	51,019	56	3,042	18.893	88,146
30	2,335	3.114	53,359	57	2,977	19.269	87,346
31	2,330	3.548	55,549	58	2,803	19.794	88,012
32	2,462	4.035	58,337	59	2,683	19.985	87,120
33	2,575	4.703	61,183	60	2,448	20.002	87,079
34	2,693	5.372	63,665	61	2,220	19.017	85,941
35	2,953	6.138	66,083	62	1,897	18.200	83,190
36	3,186	6.940	69,187	63	1,542	17.409	81,307
37	3,144	7.711	71,703	64	1,302	16.239	77,672
38	3,344	8.414	73,994	65	1,105	16.634	80,373
39	3,469	9.212	76,432	66	929	16.573	76,599
40	3,511	9.965	77,537	67	738	15.124	74,496
41	3,597	10.739	80,291	68	679	16.155	74,715
42	3,551	11.768	81,868	69	600	15.058	69,940
43	3,974	12.561	83,111	70	448	14.884	72,081
44	4,030	13.278	83,553	70+	1,567	14.071	64,705
45	3,924	13.790	$84,139	Age Unknown	0	0	0
				Total	126,165	12.442[2]	$76,779[2]

[1] Average salary that would be paid if members worked on a full-time basis.

[2] Overall averages.

continued

Table 4

Defined Benefit Program

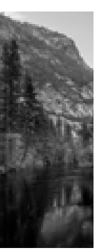
Active Members Classified by Age
As of June 30, 2018

FEMALE

Age	Count	Average Service Credit	Average Earnable Salary[1]	Age	Count	Average Service Credit	Average Earnable Salary[1]
<20	6	0.463	$32,715	46	9,814	14.066	$81,651
20	12	0.284	24,703	47	10,567	14.447	82,059
21	71	0.333	31,921	48	10,108	14.757	82,276
22	586	0.496	33,168	49	9,466	15.191	82,730
23	1,848	0.676	36,492	50	8,536	15.546	82,926
24	3,205	1.039	41,512	51	8,052	16.058	83,317
25	4,444	1.405	44,598	52	7,576	16.731	83,981
26	5,434	1.842	48,033	53	7,785	17.142	84,334
27	6,080	2.289	51,022	54	7,741	17.665	84,488
28	6,688	2.680	53,337	55	7,728	18.184	85,104
29	6,638	3.187	56,410	56	7,488	18.667	85,266
30	6,815	3.634	57,977	57	7,209	18.948	84,702
31	6,697	4.103	60,054	58	6,750	19.415	85,621
32	7,027	4.699	62,513	59	6,493	19.521	85,581
33	7,393	5.417	64,605	60	5,844	19.885	86,237
34	7,765	6.220	67,379	61	5,121	19.164	85,162
35	8,552	6.980	69,258	62	4,228	18.351	82,980
36	8,771	7.749	71,581	63	3,457	17.940	82,602
37	9,230	8.494	72,912	64	2,822	17.396	80,341
38	9,534	9.194	74,889	65	2,300	17.529	80,760
39	9,548	9.834	75,839	66	1,864	17.341	79,825
40	9,885	10.563	76,750	67	1,402	17.469	78,244
41	9,981	11.261	78,203	68	1,107	17.309	77,830
42	10,014	11.874	79,315	69	864	16.543	73,978
43	10,353	12.674	80,358	70	713	17.337	75,385
44	9,995	13.110	80,715	70+	2,078	16.688	69,206
45	9,745	13.635	$81,700	Age Unknown	0	0	0
				Total	323,430	11.947[2]	$75,146[2]

[1] Average salary that would be paid if members worked on a full-time basis.

[2] Overall averages.



continued

Table 4

Defined Benefit Program

Active Members Classified by Age

As of June 30, 2018

TOTAL

Age	Count	Average Service Credit	Average Earnable Salary[1]	Age	Count	Average Service Credit	Average Earnable Salary[1]
<20	8	0.449	$33,743	46	13,833	14.208	$82,856
20	18	0.420	28,559	47	15,047	14.599	83,284
21	93	0.357	31,763	48	14,386	14.963	83,493
22	724	0.482	32,820	49	13,502	15.398	83,904
23	2,328	0.662	36,071	50	12,326	15.766	84,070
24	4,106	1.001	40,541	51	11,515	16.281	84,677
25	5,812	1.354	43,486	52	10,838	16.871	85,070
26	7,109	1.772	46,763	53	11,154	17.228	85,102
27	8,041	2.195	49,749	54	11,031	17.780	85,441
28	8,864	2.583	52,051	55	10,973	18.233	85,872
29	8,784	3.047	55,093	56	10,530	18.732	86,098
30	9,150	3.502	56,798	57	10,186	19.041	85,474
31	9,027	3.960	58,891	58	9,553	19.526	86,323
32	9,489	4.527	61,430	59	9,176	19.657	86,031
33	9,968	5.233	63,721	60	8,292	19.920	86,486
34	10,458	6.002	66,422	61	7,341	19.119	85,398
35	11,505	6.764	68,443	62	6,125	18.305	83,045
36	11,957	7.533	70,943	63	4,999	17.776	82,202
37	12,374	8.295	72,605	64	4,124	17.030	79,498
38	12,878	8.991	74,656	65	3,405	17.239	80,634
39	13,017	9.668	75,997	66	2,793	17.085	78,752
40	13,396	10.406	76,957	67	2,140	16.661	76,952
41	13,578	11.123	78,756	68	1,786	16.870	76,646
42	13,565	11.846	79,983	69	1,464	15.934	72,323
43	14,327	12.643	81,122	70	1,161	16.390	74,110
44	14,025	13.158	81,530	70+	3,645	15.563	67,271
45	13,669	13.679	$82,401	Age Unknown	0	0	0
				Total	449,595	12.086[2]	$75,604[2]

[1] Average salary that would be paid if members worked on a full-time basis.

[2] Overall averages.

Table 5

Defined Benefit Program

Number of Inactive Accounts

Fiscal Year Ending June 30	Total Count	Nonmember Spouse Count	Male % of Total	Female % of Total
1997	59,385	0	27.2	72.8
1998	61,848	0	27.4	72.6
1999	69,112	0	27.7	72.3
2000	75,580	0	27.8	72.2
2001	87,146	582	28.1	71.9
2002	96,159	653	28.0	72.0
2003	104,617	697	28.3	71.7
2004	116,128	707	28.7	71.3
2005	124,394	717	28.8	71.2
2006	133,601	752	28.8	71.2
2007	141,450	706	28.9	71.1
2008	147,997	721	29.0	71.0
2009	156,207	689	29.0	71.0
2010	166,976	687	29.2	70.8
2011	173,719	674	29.1	70.9
2012	178,655	697	29.1	70.9
2013	182,576	737	29.1	70.9
2014	182,815	771	29.2	70.8
2015	184,396	810	29.3	70.7
2016	187,722	876	29.4	70.6
2017	192,601	912	29.5	70.5
2018	198,058	947	29.6	70.4

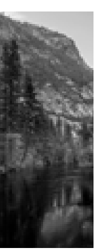


Table 6

Defined Benefit Program

Inactive Account Characteristics

Fiscal Year Ending June 30	Total Count	Average DB Contribuitons on Deposit	Average Age	Average Years of Service Credit	Average Years Inactive	Vested Count	Percentage of Vested Inactive
1997	59,385	$11,431	47.3	3.5	8.2	13,925	23.4%
1998	61,848	11,731	47.5	3.4	8.3	14,038	22.7%
1999	69,112	12,105	47.1	3.3	8.0	15,421	22.3%
2000	75,580	12,325	46.8	3.2	7.8	16,211	21.4%
2001	87,146	12,889	50.7	3.2	8.2	18,469	21.2%
2002	96,159	12,997	46.0	3.1	7.3	19,703	20.5%
2003	104,617	12,691	46.0	3.0	7.4	20,627	19.7%
2004	116,128	12,418	45.8	2.9	7.3	22,511	19.4%
2005	124,394	12,177	45.9	2.9	7.4	24,113	19.4%
2006	133,601	12,282	45.9	2.9	7.5	26,733	20.0%
2007	141,450	12,440	46.0	3.0	7.7	28,922	20.4%
2008	147,997	12,698	46.3	2.9	8.0	30,370	20.5%
2009	156,207	12,717	46.5	2.9	8.2	31,661	20.3%
2010	166,976	12,334	46.7	2.8	8.3	33,036	19.8%
2011	173,719	12,035	46.8	2.8	8.6	33,976	19.6%
2012	178,655	11,818	47.2	2.8	8.9	34,848	19.5%
2013	182,576	11,771	47.6	2.8	9.4	35,883	19.7%
2014	182,815	11,815	48.1	2.8	9.9	36,344	19.9%
2015	184,396	11,825	48.7	2.9	10.4	36,953	20.0%
2016	187,722	11,953	49.1	2.9	10.8	38,014	20.3%
2017	192,601	12,072	49.4	2.9	11.1	38,955	20.2%
2018	198,058	12,257	49.7	2.9	11.4	39,942	20.2%

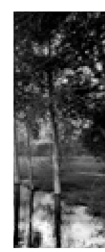


Table 7

Defined Benefit Program

Number of Members Retired for Service[1]

Fiscal Year Ending June 30	Total	Male % of Total	Female % of Total
1997	135,809	38.3	61.7
1998	139,193	38.3	61.7
1999	142,309	38.3	61.7
2000	145,415	38.1	61.9
2001	149,727	38.0	62.0
2002	154,884	37.8	62.2
2003	159,172	37.6	62.4
2004	169,022	37.2	62.8
2005	176,008	36.9	63.1
2006	181,833	36.5	63.5
2007	188,659	36.1	63.9
2008	195,960	35.7	64.3
2009	203,649	35.3	64.7
2010	213,952	34.9	65.1
2011	222,222	34.4	65.6
2012	230,278	34.0	66.0
2013	236,487	33.6	66.4
2014	241,920	33.1	66.9
2015	247,353	32.7	67.3
2016	252,672	32.3	67.7
2017	258,550	31.9	68.1
2018	264,780	31.5	68.5

[1] Does not include formerly disabled members.

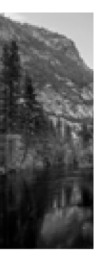


Table 8

Defined Benefit Program

All Members Retired for Service Characteristics[1]

Fiscal Year Ending June 30	Average Age at Retirement	Average Years of Service Credit	Average Final Compensation	Average Current Allowance Payable
1997	60.8	24.8	$2,837	$1,566
1998	60.8	24.7	2,945	1,638
1999	60.7	24.8	3,057	1,729
2000	60.7	25.0	3,175	1,824
2001	60.7	25.4	3,356	2,033
2002	60.7	25.7	3,539	2,183
2003	60.7	25.9	3,735	2,339
2004	60.7	26.0	3,931	2,488
2005	60.8	26.1	4,103	2,617
2006	60.8	26.2	4,264	2,741
2007	60.8	26.3	4,437	2,878
2008	60.8	26.3	4,620	3,021
2009	60.8	26.4	4,798	3,164
2010	60.9	26.3	4,983	3,302
2011	61.0	26.3	5,138	3,417
2012	61.1	26.2	5,271	3,517
2013	61.1	26.1	5,385	3,609
2014	61.2	26.0	5,487	3,694
2015	61.3	25.9	5,597	3,786
2016	61.3	25.8	5,716	3,884
2017	61.4	25.7	5,846	3,985
2018	61.5	25.6	5,981	4,086

[1] Does not include formerly disabled members.

Table 9

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year

Classified by Member-Only Benefit[1]

MALE

Monthly Member-Only Benefit[2]	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation[5]	Average Member-Only Benefit[2]	Average Allowance Payable[4]
Less than $500	160	64.1	4.753	$4,211	$328	$313
500 - $1,000	202	64.0	8.469	4,523	721	684
1,000 - 1,500	150	63.4	11.445	5,637	1,253	1,185
1,500 - $2,000	157	63.6	14.706	6,052	1,775	1,688
2,000 - $2,500	193	63.3	16.951	6,536	2,252	2,143
2,500 - $3,000	225	63.6	18.920	7,064	2,755	2,609
3,000 - $3,500	251	63.3	21.148	7,342	3,257	3,054
3,500 - $4,000	264	64.1	22.236	7,695	3,733	3,497
4,000 - $4,500	267	63.2	24.856	7,971	4,256	4,022
4,500 - $5,000	242	63.7	26.760	7,992	4,734	4,433
5,000 - $5,500	228	63.5	28.679	8,200	5,245	4,941
5,500 - $6,000	275	63.9	29.945	8,373	5,750	5,365
6,000 & Greater	1,090	64.1	34.651	9,962	8,108	7,534
Total	3,584	63.8[3]	24.530[3]	$7,884[3]	$4,703[3]	$4,396[3]

FEMALE

Monthly Member-Only Benefit[2]	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation[5]	Average Member-Only Benefit[2]	Average Allowance Payable[4]
Less than $500	266	62.9	5.258	$3,737	$330	$324
500–1000	450	62.8	9.016	4,386	747	731
1000–1500	385	62.3	12.084	5,394	1,252	1,217
1500–2000	406	62.1	14.854	5,986	1,742	1,691
2000–2500	484	62.4	16.932	6,632	2,260	2,196
2500–3000	586	62.7	18.835	7,004	2,761	2,680
3000–3500	756	63.1	20.935	7,320	3,245	3,149
3500–4000	813	63.6	22.626	7,541	3,744	3,638
4000–4500	753	63.5	24.508	7,907	4,250	4,120
4500–5000	687	63.3	26.696	8,086	4,750	4,600
5000–5500	633	63.6	28.448	8,136	5,242	5,096
5500–6000	663	63.1	30.290	8,324	5,749	5,555
6000 & Greater	2,192	63.5	34.081	9,553	7,674	7,411
Total	9,074	63.2[3]	24.155[3]	$7,667[3]	$4,434[3]	$4,293[3]

[1] Does not include formerly disabled members.

[2] As of the June 30, 2004, population report the Longevity Bonus is included in the Member-Only Benefit.

[3] Overall averages.

[4] Includes cumulative application of annual 2 percent benefit improvement factor.

[5] Excludes new retirees with no final compensation data.

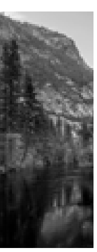


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Table 9

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year

Classified by Member-Only Benefit[1]

TOTAL

Monthly Member-Only Benefit[2]	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation[5]	Average Member-Only Benefit[2]	Average Allowance Payable[4]
Less than $500	426	63.4	5.068	$3,915	$329	$320
500–1000	652	63.2	8.847	4,428	739	716
1000–1500	535	62.6	11.905	5,462	1,252	1,208
1500–2000	563	62.5	14.812	6,005	1,751	1,690
2000–2500	677	62.7	16.938	6,605	2,258	2,181
2500–3000	811	63.0	18.858	7,021	2,759	2,660
3000–3500	1,007	63.1	20.988	7,325	3,248	3,126
3500–4000	1,077	63.7	22.530	7,579	3,741	3,603
4000–4500	1,020	63.4	24.599	7,924	4,252	4,095
4500–5000	929	63.4	26.713	8,062	4,746	4,557
5000–5500	861	63.6	28.509	8,153	5,242	5,055
5500–6000	938	63.3	30.189	8,338	5,749	5,499
6000 & Greater	3,282	63.7	34.270	9,688	7,818	7,452
Total	12,778	63.3[3]	24.264[3]	$7,730[3]	$4,512[3]	$4,323[3]

[1]Does not include formerly disabled members.

[2]As of the June 30, 2004, population report the Longevity Bonus is included in the Member-Only Benefit.

[3]Overall averages.

[4]Includes cumulative application of annual 2 percent benefit improvement factor.

[5]Excludes new retirees with no final compensation data.

Table 10

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year[1]

Classified by Age and Joint & Survivor Option Elected[2]

MALE

			Options							
Age	**Total**	**Unmodified**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Under 55	3	2	0	0	0	0				1
55	114	73	0	0	0	0	27	7	2	5
56	88	53	0	0	0	0	21	5		9
57	97	46	0	0	0	0	26	12	3	10
58	111	53	0	0	0	0	32	16	1	9
59	158	68	0	0	0	0	42	28	2	18
60	271	111	0	0	0	0	77	34	6	43
61	413	139	0	0	0	0	124	57	14	79
62	443	159	0	0	0	0	162	50	8	64
63	388	154	0	0	0	0	114	52	7	61
64	271	101	0	0	0	0	85	38	5	42
65	260	113	0	0	0	0	77	32	3	35
66	245	104	2	0	0	0	66	31	7	35
67	190	71	3	0	0	0	54	21	8	33
68	153	61	4	0	0	0	40	24	9	15
69	106	42	1	0	0	0	33	13	5	12
70	91	35	0	0	0	0	31	8	1	16
71	74	31	3	0	0	0	22	9		9
72	51	20	1	0	0	0	15	6	1	8
73	43	22	2	0	1	0	7	7		4
74	37	17	3	0	0	0	8	1	3	5
75 and over	97	43	2	1	0	0	27	11	2	11
Age Unknown	0	0	0	0	0	0	0	0	0	0
Total	3,704	1,518	21	1	1	0	1,090	462	87	524
% of Total Males	100%	41%	1%	0%	0%	0%	29%	12%	2%	14%

[1] Does not include formerly disabled members.

[2] Option Elected:

Option 2 - Beneficiary receives 100 percent of member's modified allowance.

Option 3 - Beneficiary receives 50 percent of member's modified allowance.

Option 4 - Beneficiary receives two-thirds of member's modified allowance.

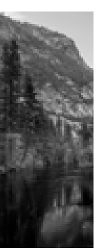
Option 5 - Survivors receives 50 percent of member's modified allowance, upon death of either member or beneficiary.

Option 6 - Beneficiary receives 100 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 7 - Beneficiary receives 50 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 8 - Compound option that allows the member to provide for more than one beneficiary.

Option 9 - Beneficiary receives 75 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.



continued

Table 10

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year[1]

Classified by Age and Joint & Survivor Option Elected[2]

FEMALE

			Options							
Age	Total	Unmodi-fied	2	3	4	5	6	7	8	9
Under 55	14	9	0	0	0	0	2	3		
55	331	225	0	0	0	0	46	30	9	21
56	198	130	0	0	0	0	30	24	3	11
57	230	148	0	0	0	0	33	29	6	14
58	342	218	0	0	0	0	51	46	1	26
59	370	234	0	0	0	0	61	40	5	30
60	784	459	0	0	0	0	132	115	10	68
61	1,007	568	0	0	0	0	157	148	16	118
62	1,094	636	0	0	0	0	152	177	20	109
63	1,165	719	0	0	0	0	164	162	17	103
64	725	422	0	0	0	0	97	105	15	86
65	698	441	0	0	0	0	93	100	10	54
66	575	383	0	0	0	0	76	59	11	46
67	410	258	0	0	0	0	53	62	14	23
68	269	188	2	0	0	0	24	30	7	18
69	241	173	1	0	0	0	23	28	4	12
70	188	148	0	0	0	0	13	20	2	5
71	139	95	0	0	0	0	13	15	6	10
72	77	64	0	0	0	0	5	3	1	4
73	65	55	0	0	0	0	4	3	1	2
74	38	22	0	1	0	0	5	6	4	
75 and over	114	93	0	0	0	0	6	8	6	1
Age Unknown	0	0	0	0	0	0	0	0	0	0
Total	9,074	5,688	3	1	0	0	1,240	1,213	168	761
% of Total Females	100%	63%	0%	0%	0%	0%	14%	13%	2%	8%

[1] Does not include formerly disabled members.
[2] Option Elected:

Option 2 - Beneficiary receives 100 percent of member's modified allowance.

Option 3 - Beneficiary receives 50 percent of member's modified allowance.

Option 4 - Beneficiary receives two-thirds of member's modified allowance.

Option 5 - Survivors receives 50 percent of member's modified allowance, upon death of either member or beneficiary.

Option 6 - Beneficiary receives 100 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 7 - Beneficiary receives 50 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 8 - Compound option that allows the member to provide for more than one beneficiary.

Option 9 - Beneficiary receives 75 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

continued

Table 10

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year[1]

Classified by Age and Joint & Survivor Option Elected[2]

TOTAL

			Options							
Age	Total	Unmodi-fied	2	3	4	5	6	7	8	9
Under 55	17	11	0	0	0	0	2	3		1
55	445	298	0	0	0	0	73	37	11	26
56	286	183	0	0	0	0	51	29	3	20
57	327	194	0	0	0	0	59	41	9	24
58	453	271	0	0	0	0	83	62	2	35
59	528	302	0	0	0	0	103	68	7	48
60	1,055	570	0	0	0	0	209	149	16	111
61	1,420	707	0	0	0	0	281	205	30	197
62	1,537	795	0	0	0	0	314	227	28	173
63	1,553	873	0	0	0	0	278	214	24	164
64	996	523	0	0	0	0	182	143	20	128
65	958	554	0	0	0	0	170	132	13	89
66	820	487	2	0	0	0	142	90	18	81
67	600	329	3	0	0	0	107	83	22	56
68	422	249	6	0	0	0	64	54	16	33
69	347	215	2	0	0	0	56	41	9	24
70	279	183	0	0	0	0	44	28	3	21
71	213	126	3	0	0	0	35	24	6	19
72	128	84	1	0	0	0	20	9	2	12
73	108	77	2	0	1	0	11	10	1	6
74	75	39	3	1	0	0	13	7	7	5
75 and over	211	136	2	1	0	0	33	19	8	12
Age Un-known	0	0	0	0	0	0	0	0	0	0
Total	12,778	7,206	24	2	1	0	2,330	1,675	255	1,285
% of Total	100%	56%	0%	0%	0%	0%	18%	13%	2%	10%

[1] Does not include formerly disabled members.

[2] Option Elected:

Option 2 – Beneficiary receives 100 percent of member's modified allowance.

Option 3 – Beneficiary receives 50 percent of member's modified allowance.

Option 4 – Beneficiary receives two-thirds of member's modified allowance.

Option 5 – Survivors receives 50 percent of member's modified allowance, upon death of either member or beneficiary.

Option 6 – Beneficiary receives 100 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 7 – Beneficiary receives 50 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

Option 8 – Compound option that allows the member to provide for more than one beneficiary.

Option 9 – Beneficiary receives 75 percent of member's modified allowance. If beneficiary pre-deceases the member the allowance pops up to the unmodified amount.

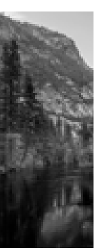


Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/1996 thru 6/30/1997					
0–5	50	2.4	$292	–	–
5–10	419	7.3	398	–	–
10–15	480	12.4	769	–	–
15–20	526	17.6	1,245	–	–
20–25	790	22.6	1,724	–	–
25–30	1,066	27.6	2,251	–	–
30–35	1,447	32.5	2,722	–	–
35–40	1,026	37.2	3,443	–	–
40 & over	207	42.0	4,080	–	–
Total	6,011	26.6	$2,210	$4,206	60.9
7/1/1997 thru 6/30/1998					
0–5	73	2.5	$298	–	–
5–10	530	7.4	414	–	–
10–15	572	12.6	834	–	–
15–20	581	17.7	1,280	–	–
20–25	884	22.6	1,811	–	–
25–30	1,356	27.7	2,331	–	–
30–35	1,799	32.5	2,817	–	–
35–40	1,259	37.2	3,548	–	–
40 & over	278	42.0	4,251	–	–
Total	7,332	26.8	$2,310	$4,345	60.8
7/1/1998 thru 6/30/1999					
0–5	72	2.8	$355	–	–
5–10	459	7.6	491	–	–
10–15	611	12.6	959	–	–
15–20	644	17.5	1,394	–	–
20–25	806	22.6	1,999	–	–
25–30	1,081	27.6	2,574	–	–
30–35	1,852	32.5	3,237	–	–
35–40	1,312	37.2	4,093	–	–
40 & over	411	42.6	5,147	–	–
Total	7,248	27.2	$2,706	$4,541	61.2

[1] Does not include formerly disabled members.

continued

Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/1999 thru 6/30/2000					
0–5	92	2.2	$279	–	–
5–10	519	7.6	504	–	–
10–15	658	12.5	994	–	–
15–20	694	17.6	1,512	–	–
20–25	900	22.5	2,099	–	–
25–30	960	27.4	2,733	–	–
30–35	1,968	32.5	3,487	–	–
35–40	1,382	37.1	4,495	–	–
40 & over	383	42.3	5,532	–	–
Total	7,556	26.8	$2,872	$4,688	61.3
7/1/2000 thru 6/30/2001[2]					
0–5	86	2.3	$226	–	–
5–10	505	7.3	513	–	–
10–15	661	12.6	1,067	–	–
15–20	707	17.4	1,594	–	–
20–25	821	22.4	2,165	–	–
25–30	988	27.3	3,076	–	–
30–35	2,446	32.6	4,138	–	–
35–40	2,041	37.2	5,267	–	–
40 & over	446	42.1	6,417	–	–
Total	8,701	28.1	$3,524	$5,312	61.2
7/1/2001 thru 6/30/2002[2]					
0–5	86	2.4	$228	–	–
5–10	499	7.3	512	–	–
10–15	679	12.6	1,093	–	–
15–20	860	17.4	1,714	–	–
20–25	886	22.3	2,387	–	–
25–30	1,081	27.1	3,288	–	–
30–35	2,912	32.7	4,536	–	–
35–40	2,277	37.2	5,738	–	–
40 & over	482	42.1	6,907	–	–
Total	9,762	28.3	$3,869	$5,686	61.1

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.

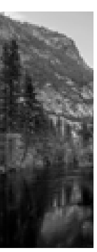


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Table 11

Defined Benefit Program

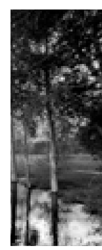
Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/2002 thru 6/30/2003[2]					
0–5	103	2.4	$206	–	–
5–10	674	7.2	525	–	–
10–15	749	12.6	1,149	–	–
15–20	1,074	17.5	1,821	–	–
20–25	1,063	22.6	2,494	–	–
25–30	1,212	27.1	3,372	–	–
30–35	3,384	32.7	4,640	–	–
35–40	2,444	37.2	5,855	–	–
40 & over	486	42.3	7,114	–	–
Total	11,189	27.9	$3,879	$5,807	61.2
7/1/2003 thru 6/30/2004[2]					
0–5	116	2.4	$242	–	–
5–10	883	7.2	559	–	–
10–15	944	12.6	1,178	–	–
15–20	1,277	17.6	1,864	–	–
20–25	1,200	22.5	2,614	–	–
25–30	1,393	27.1	3,416	–	–
30–35	3,495	32.6	4,761	–	–
35–40	2,477	37.2	5,919	–	–
40 & over	516	42.1	7,255	–	–
Total	12,301	27.1	$3,817	$5,891	61.2
7/1/2004 thru 6/30/2005[2]					
0–5	122	2.5	$268	–	–
5–10	1,008	7.2	591	–	–
10–15	897	12.6	1,170	–	–
15–20	1,311	17.5	1,906	–	–
20–25	1,286	22.3	2,579	–	–
25–30	1,217	27.0	3,475	–	–
30–35	3,208	32.5	4,847	–	–
35–40	2,162	37.2	6,100	–	–
40 & over	413	42.0	7,422	–	–
Total	11,624	26.3	$3,744	$5,944	61.7

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.



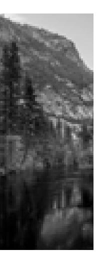


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Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/2005 thru 6/30/2006[2]					
0–5	115	2.4	$281	$5,724	61.2
5–10	980	7.3	607	4,056	61.7
10–15	919	12.5	1,197	4,756	61.2
15–20	1,235	17.6	1,935	5,387	61.2
20–25	1,198	22.2	2,631	5,758	61.3
25–30	1,143	27.0	3,678	6,423	61.9
30–35	2,843	32.5	4,982	6,685	60.4
35–40	2,091	37.2	6,279	7,024	61.2
40 & over	353	42.2	7,575	7,163	65.1
Total	10,877	26.0	$3,810	$6,079	61.2
7/1/2006 thru 6/30/2007[2]					
0–5	105	2.5	$253	$5,127	61.0
5–10	1,080	7.3	620	4,075	62.0
10–15	1,019	12.4	1,239	4,874	61.4
15–20	1,311	17.5	2,039	5,625	61.5
20–25	1,248	22.2	2,802	5,987	61.8
25–30	1,249	27.1	3,847	6,678	62.0
30–35	3,078	32.5	5,312	7,087	60.6
35–40	2,259	37.3	6,680	7,434	61.4
40 & over	413	42.2	8,151	7,830	65.0
Total	11,762	26.1	$4,059	$6,371	61.5
7/1/2007 thru 6/30/2008[2]					
0–5	129	2.6	$286	$5,393	61.5
5–10	1,038	7.3	643	4,213	62.2
10–15	1,093	12.4	1,307	5,090	61.6
15–20	1,324	17.7	2,148	5,822	61.6
20–25	1,463	22.2	2,902	6,203	61.7
25–30	1,408	27.0	4,000	6,921	62.1
30–35	3,203	32.5	5,526	7,315	60.9
35–40	2,443	37.3	6,908	7,685	61.4
40 & over	467	42.0	8,242	7,990	64.6
Total	12,568	26.3	$4,239	$6,612	61.6

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.

continued

Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/2008 thru 6/30/2009[2]					
0–5	126	2.4	$291	$5,814	62.4
5–10	1,022	7.4	668	4,236	62.8
10–15	1,145	12.4	1,336	5,140	62.1
15–20	1,323	17.7	2,235	5,995	61.8
20–25	1,535	22.3	3,116	6,537	62.1
25–30	1,406	27.1	4,125	7,076	62.2
30–35	3,161	32.4	5,687	7,506	61.1
35–40	2,574	37.2	7,122	7,866	61.7
40 & over	461	42.2	8,594	8,316	64.9
Total	12,753	26.3	$4,396	$6,796	61.9
7/1/2009 thru 6/30/2010[2]					
0–5	148	2.3	$289	$5,535	61.4
5–10	1,356	7.4	686	4,287	63.0
10–15	1,436	12.6	1,446	5,385	62.4
15–20	1,663	17.6	2,326	6,138	62.3
20–25	2,323	22.4	3,236	6,658	62.4
25–30	1,885	27.1	4,231	7,165	62.5
30–35	3,620	32.4	5,665	7,478	61.2
35–40	2,481	37.2	7,228	7,999	61.6
40 & over	581	42.3	8,759	8,409	65.4
Total	15,493	25.5	$4,256	$6,800	62.2
7/1/2010 thru 6/30/2011[2]					
0–5	194	2.401	$305	$6,182	62.0
5–10	1,388	7.301	663	4,187	62.9
10–15	1,506	12.508	1,487	5,491	62.7
15–20	1,571	17.475	2,320	6,191	62.2
20–25	2,005	22.433	3,278	6,729	62.5
25–30	1,834	27.053	4,237	7,186	62.4
30–35	2,874	32.412	5,693	7,508	61.3
35–40	2,068	37.241	7,313	8,091	61.8
40 & over	456	42.267	9,037	8,738	65.6
Total	13,896	24.534	$4,088	$6,763	62.3

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.

continued

Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/2011 thru 6/30/2012[2]					
0–5	167	2.441	$310	$6,013	63.0
5–10	1,497	7.306	676	4,224	63.2
10–15	1,659	12.521	1,437	5,315	62.7
15–20	1,743	17.425	2,316	6,122	62.7
20–25	1,962	22.535	3,350	6,788	62.6
25–30	1,878	27.097	4,318	7,212	62.8
30–35	2,547	32.504	5,750	7,550	61.4
35–40	1,770	37.203	7,364	8,093	61.9
40 & over	396	42.138	9,487	9,113	65.2
Total	13,619	23.710	$3,936	$6,670	62.5
7/1/2012 thru 6/30/2013[2]					
0–5	132	2.527	$311	$6,092	62.8
5–10	1,017	7.246	710	4,540	63.1
10–15	1,298	12.573	1,521	5,528	63.1
15–20	1,678	17.421	2,392	6,272	63.0
20–25	1,760	22.589	3,367	6,802	62.8
25–30	1,817	27.222	4,319	7,169	62.7
30–35	2,150	32.509	5,700	7,528	61.6
35–40	1,522	37.206	7,329	8,038	61.8
40 & over	271	42.344	8,924	8,439	65.6
Total	11,645	24.085	$3,980	$6,769	62.6
7/1/2013 thru 6/30/2014[2]					
0–5	144	2.230	$268	$5,994	62.9
5–10	950	7.416	721	4,463	63.2
10–15	1,176	12.645	1,533	5,553	63.1
15–20	1,604	17.432	2,425	6,286	63.2
20–25	1,593	22.411	3,334	6,743	62.9
25–30	1,845	27.167	4,443	7,367	63.0
30–35	1,814	32.332	5,607	7,532	61.6
35–40	1,374	37.179	7,295	7,973	61.9
40 & over	236	42.214	9,197	8,741	65.5
Total	10,736	23.819	$3,939	$6,774	62.7

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.

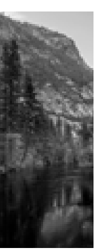

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Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/2014 thru 6/30/2015[2,3]					
0–5	168	2.188	$275	$6,195	62.6
5–10	855	7.357	736	4,517	63.7
10–15	1,125	12.629	1,554	5,597	63.4
15–20	1,764	17.589	2,520	6,467	63.4
20–25	1,585	22.406	3,415	6,883	63.0
25–30	2,069	27.185	4,603	7,576	63.3
30–35	1,948	32.128	5,709	7,787	62.0
35–40	1,482	37.096	7,490	8,207	62.2
40 & over	282	42.378	9,539	9,166	65.8
Total	11,278	24.221	$4,142	$7,013	63.0
7/1/2015 thru 6/30/2016[2,3]					
0–5	170	2.387	$314	$6,438	62.7
5–10	793	7.351	754	4,637	63.9
10–15	1,046	12.638	1,608	5,792	63.5
15–20	1,751	17.637	2,612	6,664	63.6
20–25	1,652	22.194	3,534	7,149	63.4
25–30	2,152	27.297	4,861	7,928	63.4
30–35	2,034	32.065	5,899	8,108	62.0
35–40	1,467	37.236	7,836	8,624	62.4
40 & over	309	42.470	9,666	9,215	66.4
Total	11,374	24.504	$4,369	$7,329	63.2
7/1/2016 thru 6/30/2017[2,3]					
0–5	155	2.224	$306	$6,402	63.6
5–10	837	7.420	773	4,709	63.9
10–15	1,075	12.611	1,628	5,861	63.5
15–20	1,836	17.674	2,701	6,857	63.7
20–25	1,932	22.200	3,628	7,326	63.6
25–30	2,246	27.300	4,955	8,082	63.5
30–35	2,423	32.151	6,126	8,438	62.1
35–40	1,414	37.257	7,807	8,711	62.4
40 & over	329	42.639	10,267	9,986	66.4
Total	12,247	24.608	$4,475	$7,527	63.3

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.

[3] Excludes new retirees with no final compensation data.

continued
Table 11

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Year of Retirement

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Member-Only Benefit	Average Final Compensation	Average Age at Retirement
7/1/2017 thru 6/30/2018 [2,3]					
0–5	190	2.479	$335	$6,521	63.2
5–10	877	7.369	787	4,830	63.8
10–15	1,091	12.615	1,676	5,955	63.7
15–20	1,855	17.686	2,817	7,110	63.8
20–25	2,362	22.298	3,832	7,645	63.9
25–30	2,368	27.450	5,123	8,379	63.4
30–35	2,530	32.208	6,308	8,642	62.0
35–40	1,262	37.149	8,049	9,057	62.7
40 & over	243	43.216	10,476	9,956	68.1
Total	12,778	24.264	$4,512	$7,729	63.3

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit for this fiscal year includes the Longevity Bonus.

[3] Excludes new retirees with no final compensation data.

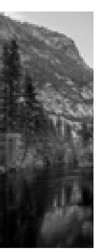


Table 12

Defined Benefit Program

Members Retired for Service Characteristics[1]

By Total Service Credit

As of June 30, 2018

Total Service Credit	Number of Retirees	Average Service Credit	Average Member-Only Benefit[2]	Average Final Compensation	Average Age at Retirement
0–5	2,925	2.419	$275	$5,543	62.0
5–10	20,623	7.335	611	3,939	62.2
10–15	23,164	12.542	1,264	4,805	61.7
15–20	30,641	17.566	2,041	5,506	61.8
20–25	35,683	22.403	2,732	5,779	61.6
25–30	39,295	27.277	3,581	6,209	61.6
30–35	61,645	32.447	4,688	6,491	60.5
35–40	42,577	37.167	6,084	6,918	61.4
40 & over	8,227	42.075	7,641	7,462	64.8
Total	264,780	25.633	$3,604	$5,981	61.5

[1] Does not include formerly disabled members.

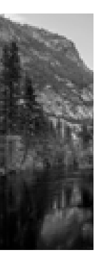
[2] The Average Member-Only Benefit includes Longevity Bonus.

Table 13

Defined Benefit Program

Members Retired for Service
Classified by Years in Retirement[1]

As of June 30, 2018



MALE

Years in Retirement	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation[6]	Average Member-Only Benefit[2, 5]	Average Allowance Payable[3]
Less than 1	3,704	63.8	24.530	$7,884	$4,703	$4,396
1	3,643	63.6	24.735	7,657	4,659	4,364
2	3,304	63.5	24.667	7,393	4,525	4,322
3	3,171	63.4	24.434	7,145	4,380	4,273
4	3,098	63.0	23.713	6,838	4,052	4,034
5	3,470	62.8	24.455	6,939	4,247	4,300
6	4,191	62.7	23.512	6,757	4,104	4,236
7	3,906	62.5	25.375	7,107	4,538	4,774
8	4,386	62.2	26.932	7,116	4,775	5,078
9	3,693	61.9	28.005	7,177	5,016	5,370
10	3,518	61.6	28.293	7,000	4,895	5,344
11	3,334	61.4	27.811	6,756	4,637	5,138
12	3,030	61.0	28.151	6,515	4,467	5,045
13	3,343	61.0	28.597	6,340	4,369	5,011
14	3,397	61.1	29.373	6,298	4,454	5,187
15	3,162	60.9	30.603	6,196	4,556	5,378
16	2,619	60.9	30.895	6,101	4,548	5,464
17	2,431	61.0	30.983	5,753	4,247	5,193
18	1,923	60.9	29.975	5,162	3,423	4,281
19	1,820	60.8	30.480	4,949	3,246	4,086
20 and more	18,179	59.7	29.651	4,053	2,311	3,261
Total	83,322	61.6[4]	27.550[4]	$6,179[4]	$3,985[4]	$4,446[4]

[1] Does not include formerly disabled members.

[2] Initial allowance before application of the option factor. Includes Longevity Bonus effective January 1, 2001.

[3] Includes cumulative application of annual 2 percent benefit improvement factor.

[4] Overall averages.

[5] Amount includes Longevity Bonus.

[6] Excludes new retirees (less than one year in retirement) with no final compensation data.

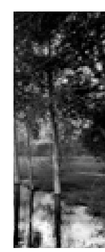
continued

Table 13

Defined Benefit Program

Members Retired for Service
Classified by Years in Retirement[1]

As of June 30, 2018



FEMALE

Years in Retirement	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation[6]	Average Member-Only Benefit[2, 5]	Average Allowance Payable[3]
Less than 1	9,074	63.2	24.155	$7,667	$4,434	$4,293
1	8,761	63.1	24.365	7,427	4,357	4,237
2	8,244	63.0	24.144	7,231	4,246	4,214
3	8,201	62.9	23.807	6,879	3,984	4,034
4	7,729	62.6	23.559	6,697	3,830	3,958
5	8,240	62.4	23.689	6,626	3,810	4,012
6	10,097	62.3	22.364	6,309	3,532	3,787
7	9,319	62.1	24.421	6,672	3,971	4,344
8	10,216	62.0	25.085	6,700	4,085	4,542
9	8,260	61.7	25.807	6,667	4,178	4,706
10	8,144	61.5	25.668	6,493	4,034	4,624
11	7,476	61.2	25.531	6,271	3,859	4,500
12	6,840	61.0	25.297	5,945	3,563	4,231
13	7,055	61.0	25.374	5,820	3,483	4,204
14	7,425	60.9	26.299	5,776	3,575	4,391
15	6,460	60.8	26.727	5,672	3,570	4,452
16	5,543	60.7	27.147	5,549	3,555	4,518
17	4,612	60.5	26.536	5,164	3,186	4,127
18	3,955	60.7	25.415	4,615	2,559	3,397
19	3,613	60.3	25.548	4,490	2,396	3,207
20 and more	32,194	59.7	24.197	3,492	1,642	2,473
Total	181,458	61.5[4]	24.753[4]	$5,890[4]	$3,429[4]	$3,921[4]

[1] Does not include formerly disabled members.

[2] Initial allowance before application of the option factor. Includes Longevity Bonus effective January 1, 2001.

[3] Includes cumulative application of annual 2 percent benefit improvement factor.

[4] Overall averages.

[5] Amount includes Longevity Bonus.

[6] Excludes new retirees (less than one year in retirement) with no final compensation data.

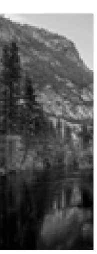
continued

Table 13

Defined Benefit Program

Members Retired for Service
Classified by Years in Retirement[1]

As of June 30, 2018



TOTAL

Years in Retirement	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation[6]	Average Member-Only Benefit[2,5]	Average Allowance Payable[3]
Less than 1	12,778	63.3	24.264	$7,730	$4,512	$4,323
1	12,404	63.3	24.474	7,495	4,446	4,274
2	11,548	63.2	24.293	7,277	4,326	4,245
3	11,372	63.0	23.982	6,953	4,095	4,101
4	10,827	62.7	23.603	6,737	3,893	3,980
5	11,710	62.6	23.916	6,719	3,940	4,097
6	14,288	62.4	22.701	6,440	3,700	3,919
7	13,225	62.2	24.703	6,800	4,139	4,471
8	14,602	62.1	25.640	6,825	4,292	4,703
9	11,953	61.8	26.486	6,824	4,436	4,911
10	11,662	61.5	26.460	6,646	4,294	4,841
11	10,810	61.3	26.234	6,420	4,099	4,697
12	9,870	61.0	26.173	6,120	3,841	4,481
13	10,398	61.0	26.410	5,987	3,768	4,464
14	10,822	61.0	27.264	5,940	3,851	4,641
15	9,622	60.8	28.001	5,844	3,894	4,756
16	8,162	60.8	28.349	5,726	3,874	4,821
17	7,043	60.7	28.071	5,367	3,552	4,495
18	5,878	60.7	26.907	4,794	2,842	3,686
19	5,433	60.4	27.200	4,644	2,681	3,501
20 and more	50,373	59.7	26.165	3,694	1,883	2,757
Total	264,780	61.5[4]	25.633[4]	$5,981[4]	$3,604[4]	$4,086[4]

[1] Does not include formerly disabled members.

[2] Initial allowance before application of the option factor. Includes Longevity Bonus effective January 1, 2001.

[3] Includes cumulative application of annual 2 percent benefit improvement factor.

[4] Overall averages.

[5] Amount includes Longevity Bonus.

[6] Excludes new retirees (less than one year in retirement) with no final compensation data.

Table 14

Defined Benefit Program

Characteristics of Members Going on Disability

MALE

Fiscal Year Ending June 30	Count	Average Disability Allowance Payable	Average Service Credit	Average Final Compensation	Average Age at Disability
1997	131	$2,097	16.949	$4,091	51.9
1998	126	2,040	14.400	4,557	51.4
1999	103	2,330	16.955	4,198	53.9
2000	119	2,153	14.713	4,178	53.1
2001	124	2,524	17.222	4,769	54.3
2002	114	2,490	15.161	4,827	54.2
2003	146	2,407	14.649	4,921	53.7
2004	161	2,577	14.791	5,015	54.1
2005	135	2,403	13.049	5,043	53.4
2006	94	2,595	14.066	5,252	55.5
2007	130	2,715	13.675	5,465	55.9
2008	123	2,703	14.164	5,704	56.1
2009	128	2,699	13.754	5,620	54.9
2010	140	2,796	14.551	5,987	57.1
2011	150	2,826	14.123	5,952	55.7
2012	135	2,746	14.053	5,850	57.3
2013	161	2,753	15.338	5,667	56.6
2014	125	2,835	15.103	5,967	56.0
2015	111	2,955	15.236	6,120	54.7
2016	110	3,029	14.983	6,383	54.6
2017	83	2,886	15.854	6,302	57.6
2018	81	3,230	17.051	6,748	56.8

continued

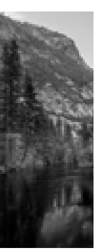
Table 14

Defined Benefit Program

Characteristics of Members Going on Disability

FEMALE

Fiscal Year Ending June 30	Count	Average Disability Allowance Payable	Average Service Credit	Average Final Compensation	Average Age at Disability
1997	333	$1,854	15.154	$3,802	52.1
1998	325	1,972	15.345	3,888	52.5
1999	311	2,042	15.192	3,970	51.6
2000	335	2,114	15.407	4,194	52.4
2001	362	2,183	15.315	4,376	53.8
2002	440	2,215	14.757	4,515	53.5
2003	468	2,378	14.971	4,826	52.8
2004	419	2,344	14.322	4,854	53.0
2005	403	2,517	14.340	5,124	53.5
2006	308	2,499	14.059	5,098	54.2
2007	371	2,531	14.059	5,217	54.3
2008	387	2,646	14.046	5,406	53.9
2009	383	2,737	13.995	5,550	53.5
2010	358	2,836	14.513	5,765	54.6
2011	354	2,766	14.371	5,708	54.6
2012	353	2,855	14.423	5,813	54.7
2013	410	2,802	14.589	5,771	54.2
2014	369	2,888	14.955	5,967	54.7
2015	392	2,883	15.136	5,968	54.2
2016	345	2,906	14.880	5,985	53.9
2017	311	3,102	16.073	6,381	53.5
2018	300	3,121	16.235	6,448	54.3



Defined Benefit Program

Characteristics of Members Going on Disability

Total

Fiscal Year Ending June 30	Count	Average Disability Allowance Payable	Average Service Credit	Average Final Compensation	Average Age at Disability
1997	464	$1,923	15.660	$3,883	52.0
1998	451	1,989	14.446	3,906	52.3
1999	414	2,114	15.630	4,027	52.2
2000	454	2,124	15.224	4,190	52.6
2001	486	2,270	15.802	4,476	53.9
2002	554	2,272	14.840	4,580	53.6
2003	614	2,385	14.894	4,849	53.0
2004	580	2,409	14.453	4,899	53.3
2005	538	2,488	14.016	5,103	53.5
2006	402	2,522	14.061	5,134	54.5
2007	501	2,579	13.959	5,281	54.7
2008	510	2,660	14.074	5,478	54.5
2009	511	2,728	13.934	5,567	53.8
2010	498	2,825	14.524	5,827	55.3
2011	504	2,784	14.297	5,781	55.0
2012	488	2,825	14.321	5,823	55.4
2013	571	2,788	14.800	5,742	54.9
2014	494	2,875	14.993	5,967	55.1
2015	503	2,899	15.158	6,002	54.3
2016	455	2,936	14.905	6,081	54.1
2017	394	3,056	16.027	6,365	54.4
2018	381	3,144	16.408	6,512	54.9

Table 15
Defined Benefit Program
Number of Benefit Recipients by Type of Benefit

Fiscal Year Ending June 30	Service Retirement	Disability Benefits	Benefits for Survivors	Total Benefit Recipients
1997	135,809	5,676	12,154	153,639
1998	139,193	5,758	12,796	157,747
1999	142,309	5,822	13,326	161,457
2000	145,415	5,885	13,982	165,282
2001	149,727	6,477	14,768	170,972
2002	154,884	6,723	15,465	177,072[1]
2003	159,172	6,949	15,747	181,868
2004	169,022	7,311	16,912	193,245
2005	176,008	7,571	17,662	201,241
2006	181,833	7,683	18,330	207,846
2007	188,659	7,915	19,067	215,641
2008	195,960	8,170	19,838	223,968
2009	203,649	8,380	20,588	232,617
2010	213,952	8,581	21,263	243,796
2011	222,222	8,813	22,006	253,041
2012	230,278	9,036	22,724	262,038
2013	236,487	9,374	23,413	269,274
2014	241,920	9,604	24,103	275,627
2015	247,353	9,848	24,899	282,100
2016	252,672	9,940	25,583	288,195
2017	258,550	10,023	26,301	294,874
2018	264,780	10,089	26,990	301,859

[1]Disability and Survivor counts revised in 2003.

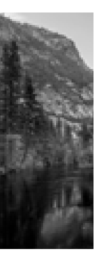


Table 16

Defined Benefit Program

Refunds of Member Contributions and Interest Characteristics

by Fiscal Year and Service Credit

MALE

	From Active Status Count by Amount of Service Credit			From Inactive Status[1] Count by Amount of Service Credit				Total	
Fiscal Year Ending June 30	Less than 5 Years	5 Years or More	Average Service Credit	Less than 5 Years	5 Years or More	Average Service Credit	Average Years Inactive	Average Refund	Count
1997	845	229	3.413	647	140	2.606	6.074	$9,795	1,861
1998	1,202	249	2.905	667	130	2.630	5.572	9,043	2,248
1999	1,258	232	3.047	642	120	2.640	5.091	9,949	2,252
2000	1,279	224	2.978	754	117	2.422	5.498	9,604	2,374
2001	1,053	202	3.208	681	131	2.800	6.334	10,982	2,067
2002	956	197	3.250	757	96	2.251	5.682	10,386	2,006
2003	949	183	3.161	763	93	2.295	6.069	9,805	1,988
2004	1,152	276	3.326	945	116	2.301	5.678	9,862	2,489
2005	845	254	3.678	1,018	146	2.289	6.889	10,129	2,263
2006	752	298	3.968	1,016	181	2.642	6.083	11,321	2,247
2007	709	275	4.044	1,142	205	2.688	6.632	11,265	2,331
2008	544	250	4.319	882	210	2.979	6.222	12,479	1,886
2009	539	213	4.178	827	204	3.235	6.373	13,406	1,783
2010	664	217	3.868	1,052	191	2.736	7.586	11,619	2,124
2011	553	228	4.292	1,273	233	2.725	7.886	11,797	2,287
2012	463	206	4.480	1,113	203	2.741	8.384	12,056	1,985
2013	383	225	5.016	1,052	183	2.731	8.796	12,852	1,843
2014	401	208	4.968	1,116	184	2.696	9.191	12,738	1,909
2015	313	170	5.176	819	157	2.738	9.838	13,691	1,459
2016	302	129	4.702	870	150	2.782	10.723	12,802	1,451
2017	341	122	4.175	785	130	2.703	11.278	13,022	1,378
2018	408	119	4.051	918	100	2.336	13.417	12,240	1,545

[1]Status is determined as of the end of the fiscal year.

Inactive Status describes a member who has not contributed during that fiscal year.

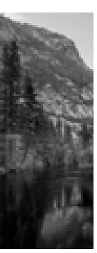
continued

Table 16

Defined Benefit Program

Refunds of Member Contributions and Interest Characteristics

by Fiscal Year and Service Credit



FEMALE

	From Active Status Count by Amount of Service Credit			From Inactive Status[1] Count by Amount of Service Credit				Total	
Fiscal Year Ending June 30	Less than 5 Years	5 Years or More	Average Service Credit	Less than 5 Years	5 Years or More	Average Service Credit	Average Years Inactive	Average Refund	Count
1997	1,380	457	3.722	1,517	407	3.369	6.380	$10,860	3,761
1998	1,719	428	3.100	1,399	392	3.365	5.764	10,213	3,938
1999	2,041	409	3.105	1,368	368	3.277	6.312	10,513	4,186
2000	2,053	388	3.098	1,660	447	3.301	6.298	10,963	4,548
2001	1,784	377	3.295	1,451	418	3.369	6.974	11,858	4,030
2002	1,495	271	3.180	1,448	325	3.109	6.424	11,560	3,539
2003	1,415	306	3.254	1,401	282	3.024	6.405	11,261	3,404
2004	1,718	407	3.252	1,800	342	2.918	6.783	10,867	4,267
2005	1,369	368	3.639	2,082	442	3.036	7.873	11,541	4,261
2006	1,281	448	3.777	2,173	505	3.172	7.921	11,944	4,407
2007	1,086	514	4.246	2,401	503	3.076	8.335	12,483	4,504
2008	985	398	4.078	1,888	568	3.528	7.442	14,005	3,839
2009	834	317	3.958	1,685	438	3.372	7.342	13,506	3,274
2010	1,066	383	4.036	2,084	522	3.216	8.877	13,215	4,055
2011	884	390	4.447	2,580	578	3.042	9.759	12,936	4,432
2012	799	354	4.475	2,268	519	3.078	9.696	13,135	3,940
2013	661	332	4.609	2,212	487	3.076	9.753	13,276	3,692
2014	587	398	5.165	2,397	466	2.978	10.474	13,362	3,848
2015	500	250	4.735	1,790	389	3.081	10.986	13,637	2,929
2016	488	227	4.611	1,685	327	3.002	11.605	13,546	2,727
2017	580	227	4.296	1,681	312	2.907	12.312	13,432	2,800
2018	645	222	4.186	1,910	334	2.820	13.947	13,245	3,111

[1]Status is determined as of the end of the fiscal year.

Inactive Status describes a member who has not contributed during that fiscal year.

continued

Table 16

Defined Benefit Program

Refunds of Member Contributions and Interest Characteristics

by Fiscal Year and Service Credit

TOTAL

	From Active Status Count by Amount of Service Credit			From Inactive Status[1] Count by Amount of Service Credit				Total	
Fiscal Year Ending June 30	Less than 5 Years	5 Years or More	Average Service Credit	Less than 5 Years	5 Years or More	Average Service Credit	Average Years Inactive	Average Refund	Count
1997	2,225	686	3.608	2,164	547	3.147	6.291	$10,507	5,622
1998	2,921	677	3.022	2,066	522	3.139	5.705	9,788	6,186
1999	3,299	641	3.083	2,010	488	3.083	5.939	10,316	6,438
2000	3,332	612	3.052	2,414	564	3.044	6.064	10,497	6,922
2001	2,837	579	3.263	2,132	549	3.197	6.780	11,561	6,097
2002	2,451	468	3.207	2,205	421	2.830	6.183	11,135	5,545
2003	2,364	489	3.218	2,164	375	2.778	6.292	10,724	5,392
2004	2,870	683	3.282	2,745	458	2.714	6.417	10,497	6,756
2005	2,214	622	3.654	3,100	588	2.800	7.563	11,051	6,524
2006	2,033	746	3.849	3,189	686	3.008	7.353	11,733	6,654
2007	1,795	789	4.169	3,543	708	2.953	7.795	12,067	6,835
2008	1,529	648	4.166	2,770	778	3.359	7.066	13,502	5,725
2009	1,373	530	4.045	2,512	642	3.327	7.026	13,471	5,057
2010	1,730	600	3.972	3,136	713	3.061	8.460	12,666	6,179
2011	1,437	618	4.388	3,853	811	2.940	9.154	12,549	6,719
2012	1,262	560	4.477	3,381	722	2.970	9.275	12,773	5,925
2013	1,044	557	4.763	3,264	670	2.968	9.452	13,135	5,535
2014	988	606	5.090	3,513	650	2.890	10.073	13,155	5,757
2015	813	420	4.908	2,609	546	2.975	10.631	13,655	4,388
2016	790	356	4.645	2,555	477	2.928	11.308	13,287	4,178
2017	921	349	4.252	2,466	442	2.843	11.987	13,297	4,178
2018	1,053	341	4.135	2,828	434	2.669	13.781	12,911	4,656

[1] Status is determined as of the end of the fiscal year.

Inactive Status describes a member who has not contributed during that fiscal year.

Table 17

Defined Benefit Program

Members Retired for Service
Electing to Receive a Partial Lump Sum

Fiscal Year Ending June 30	# of Members Eligible for PLS at Retirement	# of Members Electing PLS	Average Amount of PLS Payment	Average Member-Only Monthly Benefit	Average Reduced Monthly Benefit (after PLS)	Average % Reduction in Monthly Benefit
2002	3,717	89	$59,947.21	$4,539.89	$4,107.77	9.69%
2003	6,944	282	51,337.17	4,064.92	3,690.29	9.55
2004	7,652	433	54,239.49	4,047.67	3,647.79	9.79
2005	9,911	364	54,951.91	3,894.39	3,493.02	10.52
2006	7,346	364	54,707.89	3,989.39	3,593.47	10.19
2007	8,567	344	69,504.77	4,718.27	4,213.43	10.68
2008	9,911	353	74,849.87	4,833.98	4,299.69	11.11
2009	10,157	446	73,242.50	4,896.67	4,368.56	10.78
2010	15,493	587	72,686.62	4,848.10	4,336.37	10.74
2011[1]	3,984	290	80,899.29	4,933.79	4,371.01	11.41

[1] Partial Lump Sum sunset on December 31, 2010.

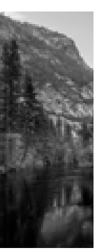


Table 18

Defined Benefit Program

Members Retired for Service
Receiving a CalSTRS Retirement Incentive

Fiscal Year Ending June 30	# of Members Receiving Retirement Incentive	Average Years of Service Credit
2002	136	30.580
2003	145	30.430
2004	874	30.900
2005	555	30.680
2006	270	29.740
2007	299	29.360
2008	267	29.997
2009	202	30.762
2010	341	29.330
2011	282	28.930
2012	157	27.864
2013	129	28.077
2014	107	29.935
2015	122	28.226
2016	131	27.026
2017	127	28.371
2018	62	28.526

Table 19

Defined Benefit Program

Members Retired for Service Working after Retirement

Fiscal Year Ending June 30	# of Retired Members Working After Retirement	% of Retired Members Working After Retirement Exceeding the Earnings Limit and Without Exemption
2000	19,579	4.20
2001	16,858	1.68
2002	20,641	2.02
2003	22,278	1.35
2004	23,540	1.53
2005	24,931	1.49
2006[1]	24,924	1.98
2007	26,134	2.61
2008	27,140	2.75
2009	27,579	1.85
2010	27,707	1.31
2011	27,378	1.23
2012	26,983	1.26
2013	26,859	0.69
2014	26,044	1.02
2015	26,006	1.33
2016	25,929	1.65
2017	25,309	1.45
2018	25,002	1.34

[1] Data revised in 2010.

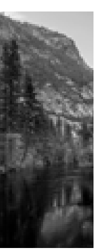


Table 20

Defined Benefit Program

Retired Members by Type of Benefit and Option Selected

As of June 30, 2018

	Type of Benefit[1]				Option Selected[2]								
Monthly Member-Only Benefit[4]	Total	1[3]	2	3	Unmodified	2	3	4	5	6	7	8	9
Less than $500	16,951	14,608	65	2,278	12,298	1,134	364	56	71	1,903	662	212	251
500–1000	24,617	21,417	497	2,703	16,660	1,573	775	97	95	3,176	1,519	143	579
1000–1500	25,126	21,044	868	3,214	14,935	2,011	1,068	172	140	3,607	2,287	134	772
1500–2000	27,433	22,526	1,500	3,407	15,313	2,060	901	388	163	3,994	3,419	163	1,032
2000–2500	28,735	23,066	2,166	3,503	15,064	2,011	840	345	184	4,682	4,167	219	1,223
2500–3000	26,530	21,449	2,107	2,974	13,497	1,633	564	254	120	4,836	4,102	233	1,291
3000–3500	23,450	19,410	1,791	2,249	11,877	1,209	370	227	64	4,424	3,673	250	1,356
3500–4000	19,019	16,800	730	1,489	9,364	866	269	155	52	3,698	3,195	208	1,212
4000–4500	17,396	16,021	223	1,152	8,303	762	227	96	38	3,398	3,156	256	1,160
4500–5000	16,772	15,675	76	1,021	7,683	709	205	63	29	3,581	3,061	270	1,171
5000–5500	16,533	15,653	36	844	7,430	670	174	65	20	3,588	3,029	270	1,287
5500–6000	14,836	14,195	12	629	6,542	583	147	58	16	3,323	2,656	250	1,261
6000 & Greater	44,461	42,916	18	1,527	17,183	2,102	339	144	44	11,386	7,490	1,264	4,509
Total	301,859	264,780	10,089	26,990	156,149	17,323	6,243	2,120	1,036	55,596	42,416	3,872	17,104

[1]Type of Benefit:
1) Service Retirement.
2) Disability Benefits.
3) Survivor Benefits.

[2]Option Selected:

Option 2 – Beneficiary receives 100 percent of member's modified allowance.

Option 3 – Beneficiary receives 50 percent of member's modified allowance.

Option 4 – Beneficiary receives two-thirds of member's modified allowance.

Option 5 – Survivor receives 50 percent of member's modified allowance, upon death of either member or beneficiary.

Option 6 – Beneficiary receives 100 percent of member's modified allowance. If beneficiary pre-deceases the member, the allowance pops up to the unmodified amount.

Option 7 – Beneficiary receives 50 percent of member's modified allowance. If beneficiary pre-deceases the member, the allowance pops up to the unmodified amount.

Option 8 – Compound option that allows the member to provide for more than one beneficiary.

Option 9 – Beneficiary receives 75 percent of member's modified allowance. If beneficiary pre-deceases the member, the allowance pops up to the unmodified amount.

[3]Does not include formerly disabled members.

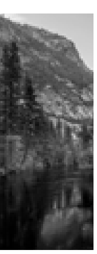
[4]As of June 30, 2004, population report, the Longevity Bonus is included in the Member-Only Benefit.

Table 21

Defined Benefit Program

Retired Members Classified by Age[1]

As of June 30, 2018



MALE									
Age as of 6-30-18	Count	Average Service Credit	Average Final Comp	Average Member-Only Benefit[2]	Age as of 6-30-18	Count	Average Service Credit	Average Final Comp	Average Member-Only Benefit[2]
<55	6	30.821	$8,798	$3,640	78	2,608	28.735	$5,702	$3,919
55	120	19.758	7,155	2,152	79	2,373	29.027	5,417	3,674
56	237	19.887	7,077	2,291	80	2,318	29.131	5,246	3,435
57	297	20.014	7,095	2,442	81	2,102	29.897	5,074	3,370
58	390	21.971	7,165	2,884	82	2,027	29.773	4,914	3,165
59	539	22.473	7,208	3,160	83	1,888	29.684	4,721	2,974
60	804	23.705	7,309	3,571	84	1,785	30.238	4,627	2,916
61	1,268	25.661	7,558	4,323	85	1,682	29.730	4,450	2,745
62	1,625	25.744	7,522	4,555	86	1,620	29.859	4,364	2,698
63	2,049	25.677	7,373	4,514	87	1,455	29.632	4,148	2,527
64	2,424	25.756	7,356	4,557	88	1,190	29.375	4,026	2,430
65	2,934	25.868	7,225	4,534	89	1,050	28.552	3,860	2,237
66	3,306	25.909	7,142	4,520	90	848	29.616	3,720	2,220
67	3,698	26.078	7,173	4,560	91	684	29.364	3,509	2,086
68	3,889	26.334	7,110	4,585	92	612	29.433	3,304	1,985
69	4,176	26.624	7,064	4,628	93	472	28.300	3,054	1,753
70	4,432	26.541	6,951	4,569	94	321	27.488	2,934	1,623
71	5,058	27.286	6,904	4,650	95	260	27.070	2,843	1,576
72	3,774	27.435	6,789	4,602	96	176	27.027	2,806	1,556
73	3,640	27.437	6,560	4,456	97	125	26.155	2,619	1,367
74	3,520	28.054	6,445	4,456	98	57	24.338	2,637	1,387
75	3,492	28.351	6,307	4,398	99	39	24.851	2,413	1,260
76	3,152	28.396	6,100	4,252	>=100	52	26.252	2,020	1,160
77	2,748	29.156	$5,908	$4,175	Total	83,322	27.550	$6,179	$3,985

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit includes Longevity Bonus.

continued
Table 21

Defined Benefit Program

Retired Members Classified by Age[1]

As of June 30, 2018

FEMALE

Age as of 6–30–18	Count	Average Service Credit	Average Final Comp	Average Member-Only Benefit[2]	Age as of 6–30–18	Count	Average Service Credit	Average Final Comp	Average Member-Only Benefit[2]
<55	26	30.018	$8,333	$3,560	78	4,870	25.709	$5,205	$3,203
55	350	20.576	7,107	2,311	79	4,656	25.359	4,964	2,952
56	496	20.561	6,966	2,374	80	4,332	25.195	4,753	2,743
57	728	21.430	7,055	2,612	81	3,804	25.545	4,600	2,662
58	1,108	21.908	6,940	2,782	82	3,479	25.260	4,389	2,473
59	1,414	22.183	6,976	2,967	83	3,264	25.269	4,283	2,398
60	2,359	23.299	7,078	3,408	84	2,772	24.520	4,110	2,190
61	3,345	24.645	7,267	3,941	85	2,576	24.480	3,943	2,082
62	4,509	24.874	7,159	4,076	86	2,438	24.473	3,831	2,029
63	5,646	24.748	7,168	4,157	87	2,255	24.622	3,688	1,929
64	6,656	24.810	7,028	4,125	88	2,089	24.371	3,518	1,813
65	7,829	24.593	6,947	4,075	89	1,846	23.938	3,287	1,665
66	8,451	24.130	6,824	3,939	90	1,675	23.199	3,203	1,570
67	8,859	24.372	6,750	3,946	91	1,369	23.004	3,016	1,460
68	9,444	24.286	6,682	3,902	92	1,237	23.162	2,930	1,427
69	9,649	24.679	6,610	3,954	93	914	22.909	2,726	1,319
70	10,062	24.903	6,536	3,946	94	716	22.319	2,623	1,246
71	11,062	25.381	6,450	3,970	95	556	22.154	2,427	1,134
72	8,198	25.205	6,272	3,825	96	440	23.036	2,393	1,174
73	7,713	25.188	6,123	3,751	97	369	22.580	2,205	1,062
74	7,578	25.390	5,936	3,652	98	281	22.458	2,025	931
75	7,746	25.579	5,770	3,588	99	172	22.424	1,871	865
76	6,309	25.423	5,563	3,433	>=100	266	21.406	1,661	782
77	5,545	25.407	$5,370	$3,297	Total	181,458	24.753	$5,890	$3,429

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit includes Longevity Bonus.

continued

Table 21

Defined Benefit Program

Retired Members Classified by Age[1]

As of June 30, 2018

TOTAL

Age as of 6–30–18	Count	Average Service Credit	Average Final Comp	Average Member-Only Benefit[2]	Age as of 6–30–18	Count	Average Service Credit	Average Final Comp	Average Member-Only Benefit[2]
<55	32	30.168	$8,420	$3,575	78	7,478	26.765	$5,378	$3,452
55	470	20.367	7,119	2,271	79	7,029	26.597	5,117	3,196
56	733	20.343	7,002	2,347	80	6,650	26.567	4,925	2,984
57	1,025	21.019	7,067	2,563	81	5,906	27.094	4,769	2,914
58	1,498	21.925	6,999	2,809	82	5,506	26.921	4,582	2,728
59	1,953	22.263	7,040	3,020	83	5,152	26.887	4,443	2,609
60	3,163	23.402	7,137	3,449	84	4,557	26.760	4,312	2,474
61	4,613	24.924	7,347	4,046	85	4,258	26.554	4,143	2,344
62	6,134	25.105	7,255	4,203	86	4,058	26.623	4,043	2,296
63	7,695	24.995	7,222	4,252	87	3,710	26.586	3,868	2,164
64	9,080	25.063	7,116	4,240	88	3,279	26.187	3,702	2,037
65	10,763	24.941	7,023	4,200	89	2,896	25.611	3,495	1,872
66	11,757	24.630	6,913	4,103	90	2,523	25.356	3,377	1,788
67	12,557	24.874	6,875	4,127	91	2,053	25.123	3,180	1,669
68	13,333	24.883	6,807	4,101	92	1,849	25.238	3,054	1,612
69	13,825	25.267	6,747	4,158	93	1,386	24.745	2,838	1,466
70	14,494	25.404	6,663	4,136	94	1,037	23.919	2,719	1,362
71	16,120	25.979	6,592	4,184	95	816	23.720	2,560	1,275
72	11,972	25.908	6,435	4,070	96	616	24.177	2,511	1,283
73	11,353	25.909	6,263	3,977	97	494	23.485	2,310	1,139
74	11,098	26.235	6,097	3,907	98	338	22.775	2,128	1,008
75	11,238	26.440	5,937	3,839	99	211	22.873	1,971	938
76	9,461	26.414	5,742	3,706	>=100	318	22.199	1,720	843
77	8,293	26.649	$5,549	$3,588	Total	264,780	25.633	$5,981	$3,604

[1] Does not include formerly disabled members.

[2] The Average Member-Only Benefit includes Longevity Bonus.

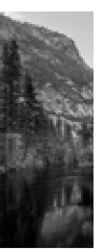
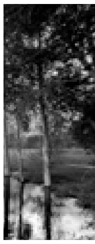


Table 22

Defined Benefit Program

Breakdown of Membership

Fiscal Year Ending June 30	Active Members	Inactive Members	Service Retirement	Disability Benefits	Benefits for Survivors	Total Members & Beneficiaries
1997	364,000	59,385	135,809	5,676	12,154	577,024
1998	385,530	61,848	139,193	5,758	12,796	605,125
1999	402,220	69,112	142,309	5,822	13,326	632,789
2000	420,530	75,580	145,415	5,885	13,982	661,392
2001	428,741	87,146	149,727	6,477	14,768	686,859
2002	442,208	96,159	154,884	6,723	15,465	715,439
2003	448,478	104,617	159,172	6,949	15,747	734,963
2004	444,680	116,128	169,022	7,311	16,912	754,053
2005	450,282	124,394	176,008	7,571	17,662	775,917
2006	453,365	133,601	181,833	7,683	18,330	794,812
2007	455,693	141,450	188,659	7,915	19,067	812,784
2008	461,378	147,997	195,960	8,170	19,838	833,343
2009	459,009	156,207	203,649	8,380	20,588	847,833
2010	441,544	166,976	213,952	8,581	21,263	852,316
2011	429,600	173,719	222,222	8,813	22,006	856,360
2012	421,499	178,655	230,278	9,036	22,724	862,192
2013	416,643	182,576	236,487	9,374	23,413	868,493
2014	420,887	182,815	241,920	9,604	24,103	879,329
2015	429,460	184,396	247,353	9,848	24,899	895,956
2016	438,537	187,722	252,672	9,940	25,583	914,454
2017	445,935	192,601	258,550	10,023	26,301	933,410
2018	449,595	198,058	264,780	10,089	26,990	949,512



2018 Membership Breakdown by Gender

	Male	Female	Total	Male %	Female %
Active Members	126,165	323,430	449,595	28.1	71.9
Vested Active Members	88,167	226,737	314,904	28.0	72.0
Nonvested Active Members	37,998	96,693	134,691	28.2	71.8
Inactive Members	58,589	139,469	198,058	29.6	70.4
Vested Inactive Members	9,235	30,707	39,942	23.1	76.9
Nonvested Inactive Members	49,354	108,762	158,116	31.2	68.8
Service Retirement	83,322	181,458	264,780	31.5	68.5
Disability Benefits	2,380	7,709	10,089	23.6	76.4
Benefits for Survivors	7,550	19,440	26,990	28.0	72.0
Total	278,006	671,506	949,512	29.3	70.7

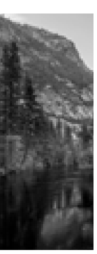
continued

Table 22

Defined Benefit Program

Breakdown of Membership

	Active Members		Inactive Members	
	Count	Percentage of Total	Count	Percentage of Total
Male	126,165	28%	58,589	30%
Female	323,430	72%	139,469	70%
2% at 60	349,181	78%	180,452	91%
2% at 62	100,414	22%	17,606	9%
Coverage A	38,718	9%	23,361	12%
Coverage B	410,877	91%	173,750	88%
Coverage n/a (NMS/RDP)	–	0%	947	0%
K-12	397,882	88%	156,844	79%
Community College	40,319	9%	23,492	12%
Others[1]	11,394	3%	6,864	3%
Unknown	–	0%	10,858	5%
Vested	314,904	70%	39,942	20%
Nonvested	134,691	30%	158,116	80%
Under Age 55	351,902	78%	134,327	68%
Age 55 or Older	97,693	22%	63,721	32%
Age Unknown	–	0%	10	0%



	Service Retirees		Disabled Retirees		Survivors	
	Count	Percentage of Total	Count	Percentage of Total	Count	Percentage of Total
Male	83,322	31%	2,380	24%	7,550	28%
Female	181,458	69%	7,709	76%	19,440	72%
Option Selected	144,504	55%	2,231	22%	23,203	86%
Member Only Benefit	120,276	45%	7,858	78%	3,787	14%
Under Age 60	5,711	2%	2,694	27%	3,958	15%
Age 60 to 69	92,920	35%	3,810	38%	4,198	16%
Age 70 to 79	108,536	41%	2,681	27%	7,848	29%
Age 80 to 89	45,972	17%	737	7%	8,193	30%
Age 90 to 99	11,323	4%	162	2%	2,614	10%
Age 100 or older	318	0%	5	0%	179	1%

[1] Others include County Office of Education, Regional Occupation Program, etc.

Table 23

Defined Benefit Program

Retirees Who Live in California Characteristics by County

County	Count	Average: Total Service Credit	Average: Monthly Allowance Payable*	Average: Final Comp	Average: Age as of 6–30–18	Average: Age at Retirement
Alameda	7,567	25.615	$4,264	$6,132	74.2	62.1
Alpine	14	19.482	2,490	4,101	76.2	60.6
Amador	438	24.477	3,484	5,600	72.9	60.6
Butte	2,378	25.149	3,641	5,614	72.5	60.8
Calaveras	578	25.202	3,693	5,772	72.7	60.6
Colusa	124	26.274	3,770	5,482	72.7	60.7
Contra Costa	7,564	25.459	3,994	5,820	74.6	62.0
Del Norte	242	26.077	3,569	5,419	72.4	60.6
El Dorado	2,164	26.065	4,019	5,946	72.6	60.9
Fresno	6,269	27.075	4,079	5,815	72.7	61.5
Glenn	134	26.617	3,798	5,539	71.8	60.4
Humboldt	1,380	25.059	3,209	5,089	72.8	60.5
Imperial	788	28.051	4,721	6,494	71.1	61.6
Inyo	162	24.567	3,388	5,566	72.0	60.3
Kern	4,285	27.026	4,290	6,070	72.5	61.6
Kings	596	27.388	4,250	6,021	72.1	61.2
Lake	482	25.611	3,458	5,378	71.4	61.0
Lassen	223	26.810	3,652	5,516	71.9	60.4
Los Angeles	43,084	26.972	4,483	6,129	74.0	62.5
Madera	1,323	26.061	3,850	5,730	72.3	61.2
Marin	2,310	24.421	3,741	5,606	75.7	61.8
Mariposa	273	25.372	3,481	5,562	72.2	60.4
Mendocino	1,136	25.034	3,447	5,244	72.9	61.1
Merced	1,498	27.437	4,377	6,143	72.3	61.5
Modoc	88	23.828	3,043	4,867	73.6	61.3
Mono	178	25.631	3,782	5,708	71.8	60.1
Monterey	3,074	25.956	4,103	5,933	73.3	61.3
Napa	1,420	25.140	3,880	5,838	74.1	61.2
Nevada	1,608	25.037	3,659	5,638	73.0	60.7
Orange	21,109	27.384	4,877	6,562	74.0	61.9
Placer	4,247	26.226	4,106	5,891	74.0	61.1
Plumas	325	25.492	3,377	5,259	72.7	60.1
Riverside	12,457	25.451	4,243	6,390	72.9	61.6
Sacramento	8,982	25.055	3,887	5,827	73.8	61.4

Table 23

Defined Benefit Program

Retirees Who Live in California Characteristics by County

		Average				
County	Count	Total Service Credit	Monthly Allowance Payable*	Final Comp	Age as of 6–30–18	Age at Retirement
San Benito	311	26.445	$4,362	$6,403	71.6	61.1
San Bernardino	9,284	25.880	4,301	6,434	71.8	61.8
San Diego	21,046	25.950	4,228	6,145	73.1	61.3
San Francisco	2,910	24.958	3,920	5,885	74.8	62.4
San Joaquin	3,938	26.784	4,193	5,959	73.0	61.5
San Luis Obispo	4,194	25.541	3,905	5,925	72.7	60.5
San Mateo	3,746	27.029	4,498	6,077	75.7	62.3
Santa Barbara	2,946	25.719	3,944	5,725	74.7	61.4
Santa Clara	9,341	26.672	4,563	6,248	75.0	61.9
Santa Cruz	2,774	25.043	3,889	5,906	73.1	61.2
Shasta	1,662	26.223	3,619	5,432	72.7	60.7
Sierra	74	24.996	3,603	5,636	73.4	60.6
Siskiyou	603	26.008	3,312	5,073	72.3	60.2
Solano	2,988	25.415	3,950	5,897	72.6	61.8
Sonoma	4,488	25.413	3,841	5,735	73.6	61.3
Stanislaus	3,159	27.117	4,434	6,299	72.3	61.3
Sutter	744	27.700	4,220	5,733	73.4	61.3
Tehama	705	26.325	3,695	5,448	72.6	60.6
Trinity	146	24.911	3,278	5,174	71.9	60.3
Tulare	3,054	27.362	4,257	6,043	72.3	61.4
Tuolumne	678	25.705	3,805	5,699	73.0	60.9
Ventura	6,799	26.590	4,326	6,039	73.6	61.9
Yolo	1,104	24.451	3,701	5,782	72.8	61.3
Yuba	347	25.928	3,703	5,533	73.5	61.2
Total	225,541	26.278	$4,256	$6,078	73.5	61.7

*Allowance after application of option factor, includes longevity bonus effective January 1, 2001, and includes cumulative application of annual 2 percent benefit improvement factor.

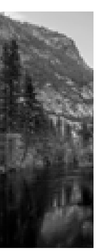


Table 24

Defined Benefit Program

All Members Retired for Service[1]
Classified by Final Compensation

As of June 30, 2018

Male

Final Compensation	Count	Average			
		Retired Age	Total Service Credit	Member-Only Benefit[2]	Monthly Allowance Payable[3]
$0–$5,000	26,310	60.7	23.591	$1,779	$2,385
5,000–10,000	52,872	62.0	29.168	4,676	5,079
10,000–15,000	3,546	62.2	31.831	8,517	8,822
15,000–20,000	478	62.9	33.044	12,664	12,878
20,000–25,000	98	62.8	35.106	14,633	14,498
25,000–30,000	17	65.1	35.159	16,032	15,406
>30,000	1	64.0	21.770	16,098	16,546
Grand Total	83,322	61.6	27.550	$3,985	$4,446

Female

Final Compensation	Count	Average			
		Retired Age	Total Service Credit	Member-Only Benefit[2]	Monthly Allowance Payable[3]
$0–$5,000	59,873	60.6	19.899	$1,444	$1,988
5,000–10,000	116,365	61.9	26.974	4,229	4,695
10,000–15,000	4,796	62.3	30.920	8,080	8,565
15,000–20,000	362	62.6	30.957	11,482	11,902
20,000–25,000	58	61.8	30.491	13,085	13,486
25,000–30,000	3	64.7	34.791	15,116	14,884
>30,000	1	58.8	2.226	125	181
Grand Total	181,458	61.5	24.753	$3,429	$3,921

[1]Does not include formerly disabled members.

[2]Amount includes Longevity Bonus.

[3]Includes cumulative application of annual 2 percent benefit improvement factor.

continued

Table 24

Defined Benefit Program

All Members Retired for Service[1]
Classified by Final Compensation

As of June 30, 2018

Total					
		Average			
Final Compensation	Count	Retired Age	Total Service Credit	Member-Only Benefit[2]	Monthly Allowance Payable[3]
$0–$5,000	86,183	60.6	21.026	$1,546	$2,109
5,000–10,000	169,237	61.9	27.659	4,369	4,815
10,000–15,000	8,342	62.3	31.307	8,266	8,674
15,000–20,000	840	62.7	32.145	12,154	12,457
20,000–25,000	156	62.4	33.390	14,057	14,122
25,000–30,000	20	65.0	35.104	15,895	15,328
>30,000	2	61.4	11.998	8,112	8,364
Grand Total	264,780	61.5	25.633	$3,604	$4,086

[1]Does not include formerly disabled members.

[2]Amount includes Longevity Bonus.

[3]Includes cumulative application of annual 2 percent benefit improvement factor.

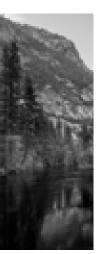


Table 25

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year Classified by Age[1]

Male

Age at Retirement	Count	Average Service Credit	Average Final Compensation	Average Member-Only Benefit[2]
<55	4	31.730	$7,915	$3,757
55–56	144	19.685	7,314	2,237
56–57	82	20.865	7,221	2,722
57–58	120	23.346	8,010	3,547
58–59	121	26.608	8,723	4,605
59–60	178	24.819	7,826	4,307
60–61	283	26.632	8,092	4,930
61–62	477	29.658	8,306	6,026
62–63	416	25.121	7,931	4,949
63–64	353	25.131	8,042	5,200
64–65	253	23.650	8,122	4,918
65–66	266	23.769	7,782	4,716
66–67	234	21.840	7,673	4,288
67–68	188	22.669	7,800	4,606
68–69	134	21.693	7,455	4,273
69–70	89	20.664	7,128	3,777
70–71	88	19.680	7,066	3,782
71–72	60	22.815	7,570	4,522
72–73	54	23.818	7,570	4,758
73–74	40	27.903	7,736	5,743
74–75	32	22.372	7,857	4,701
75–76	25	23.046	7,328	4,610
76–77	16	21.708	7,712	4,127
77–78	15	21.995	7,302	4,426
78–79	7	28.117	6,820	5,516
79–80	6	27.359	9,187	7,194
80–81	6	26.420	11,126	7,013
81–82	4	36.945	7,648	7,298
82–83	3	20.803	4,813	3,158
83–84	4	25.046	4,975	3,818
84–85	0	—	—	—
85–86	0	—	—	—
86–87	2	8.294	3,732	784
87–88	0	—	—	—
88–89	0	—	—	—
89–90	0	—	—	—
≥90	0	—	—	—
Grand Total	3,704	24.530	$7,884	$4,703

[1]Does not include formerly disabled members.

[2]Member-Only Benefit includes Longevity Bonus.

continued

Table 25

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year Classified by Age[1]

Female				
Age at Retirement	Count	Average Service Credit	Average Final Compensation	Average Member-Only Benefit[2]
<55	19	30.435	$8,621	$3,890
55–56	412	19.975	7,167	2,282
56–57	186	22.219	7,437	2,954
57–58	253	23.720	7,530	3,391
58–59	349	24.648	7,531	3,744
59–60	478	24.738	7,773	4,136
60–61	822	25.900	7,738	4,546
61–62	1,127	28.828	8,141	5,692
62–63	1,109	24.903	7,623	4,776
63–64	974	23.417	7,747	4,583
64–65	707	23.457	7,624	4,519
65–66	694	21.949	7,521	4,238
66–67	541	22.256	7,592	4,303
67–68	359	22.366	7,760	4,396
68–69	253	22.699	7,735	4,447
69–70	233	22.059	7,501	4,283
70–71	179	20.949	7,109	3,950
71–72	114	23.389	7,220	4,376
72–73	70	22.472	7,374	4,272
73–74	59	22.397	7,826	4,580
74–75	41	26.719	8,378	5,565
75–76	27	27.827	7,251	5,250
76–77	25	22.853	7,032	4,258
77–78	11	20.873	6,790	3,725
78–79	11	28.664	7,613	5,316
79–80	6	24.589	6,799	4,378
80–81	5	23.517	6,399	4,285
81–82	2	47.191	8,647	10,493
82–83	3	19.213	5,157	2,650
83–84	0	—	—	—
84–85	1	12.876	2,659	822
85–86	2	29.053	6,303	4,330
86–87	0	—	—	—
87–88	0	—	—	—
88–89	0	—	—	—
89–90	1	35.843	5,714	4,915
≥90	1	42.291	9,525	10,068
Grand Total	9,074	24.155	$7,667	$4,434

[1] Does not include formerly disabled members.

[2] Member-Only Benefit includes Longevity Bonus.

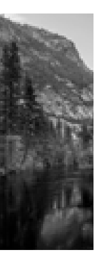


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Table 25

Defined Benefit Program

Members Retired for Service During the 2017–18 Fiscal Year Classified by Age[1]

		Total		
Age at Retirement	Count	Average Service Credit	Average Final Compensation	Average Member-Only Benefit[2]
<55	23	30.660	$8,498	$3,867
55–56	556	19.899	7,205	2,271
56–57	268	21.805	7,371	2,883
57–58	373	23.600	7,685	3,441
58–59	470	25.152	7,838	3,965
59–60	656	24.760	7,787	4,183
60–61	1,105	26.087	7,828	4,645
61–62	1,604	29.075	8,190	5,792
62–63	1,525	24.962	7,707	4,823
63–64	1,327	23.873	7,826	4,747
64–65	960	23.508	7,755	4,624
65–66	960	22.453	7,593	4,371
66–67	775	22.130	7,617	4,298
67–68	547	22.470	7,774	4,468
68–69	387	22.351	7,638	4,387
69–70	322	21.674	7,398	4,144
70–71	267	20.531	7,095	3,894
71–72	174	23.191	7,341	4,426
72–73	124	23.058	7,459	4,484
73–74	99	24.621	7,789	5,050
74–75	73	24.814	8,149	5,186
75–76	52	25.529	7,288	4,942
76–77	41	22.406	7,297	4,207
77–78	26	21.520	7,085	4,129
78–79	18	28.452	7,304	5,394
79–80	12	25.974	7,993	5,786
80–81	11	25.101	8,977	5,773
81–82	6	40.360	7,981	8,363
82–83	6	20.008	4,985	2,904
83–84	4	25.046	4,975	3,818
84–85	1	12.876	2,659	822
85–86	2	29.053	6,303	4,330
86–87	2	8.294	3,732	784
87–88	0	—	—	—
88–89	0	—	—	—
89–90	1	35.843	5,714	4,915
≥90	1	42.291	9,525	10,068
Grand Total	12,778	24.264	$7,730	$4,512

[1]Does not include formerly disabled members.

[2]Member-Only Benefit includes Longevity Bonus.

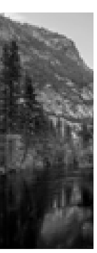


Table 26

Defined Benefit Program

Market Value of Assets and Annual Rate of Return

Fiscal Year Ending June 30	Market Value of Assets (in millions)	Annual Return on Investments*
1985	$14,208	31.42%
1986	19,412	27.80
1987	22,352	16.95
1988	24,348	–0.62
1989	28,984	16.65
1990	32,208	9.15
1991	35,259	8.82
1992	40,772	14.14
1993	46,828	14.96
1994	47,523	–0.36
1995	55,481	16.43
1996	63,368	13.22
1997	74,842	17.36
1998	88,289	17.06
1999	99,925	13.30
2000	112,640	12.70
2001	102,808	–9.14
2002	96,696	–5.95
2003	100,525	3.39
2004	116,178	17.38
2005	129,592	11.11
2006	143,848	13.31
2007	171,899	21.03
2008	161,459	–3.69
2009	118,875	–25.03
2010	129,961	12.20
2011	155,513	23.10
2012	150,611	1.84
2013	165,800	13.80
2014	189,080	18.66
2015	191,409	4.77
2016	188,651	1.35
2017	208,700	13.44
2018	223,829	8.99

*Beginning with the 2016 fiscal year, the annual return on investments are net of fees.

Table 1

Defined Benefit Supplement Program[4]

Total Active Member Characteristics[1]

As of June 30, 2018

Active DB Accounts with DBS Contribution Balances[3] Based on 2% of Regular Earnings

			Averages		
Gender	Count	% of Total Active Population (Based on Gender)	2% Member Paid Balance	Total Accumulated DBS Balance	Age for Group
Male	109,738	86.98	$11,548.11	$23,106.01	47.3
Female	285,641	88.32	9,920.97	15,759.60	45.8
Total	395,379	87.94	$10,372.58	$17,798.60	46.2

Active DB Accounts with DBS Limited Term Enhancement Contribution Balances[3]

			Averages			
Gender	Count	% of Total Active Population (Based on Gender)	Limited Term Enhancement Member Paid Balance	Limited Term Enhancement Employer Paid Balance	Total Accumulated DBS Balance	Age For Group
Male	45,019	35.68	$256.12	$256.12	$27,470.08	48.7
Female	120,363	37.21	241.75	241.76	18,914.64	47.6
Total	165,382	36.78	$245.66	$245.67	$21,243.54	47.9

[1]Accounts are coded "active" when a person achieves "member" status and member contributions are received by the DB Program.

[2]Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3]All balances represent contributions and associated interest credited on those contributions.

[4]The 2 percent DB Program transfer to DBS Program was effective from January 1, 2001, through December 31, 2010.

continued

Table 1

Defined Benefit Supplement Program[4]

Total Active Member Characteristics[1]

As of June 30, 2018

Active DB Accounts with DBS Excess Service Credit Contribution Balances[3]

			Averages			
Gender	Count	% of Total Active Population (Based on Gender)	Excess Service Credit Member Paid Balance[2]	Excess Service Credit Employer Paid Balance[2]	Total Accumulated DBS Balance	Age for Group
Male	103,575	82.09	$5,588.43	$6,434.54	$24,263.82	46.9
Female	268,432	83.00	2,795.02	3,201.11	16,532.70	45.4
Total	372,007	82.74	$3,572.77	$4,101.37	$18,685.22	45.8

Summary of Active DB Accounts with and without DBS Contribution Balances[3]

	Total DB Active accounts with DBS balances		Total DB Active accounts without DBS balances[1]		Total DB active population	
Gender	Count	% of Total Active Population (Based on Gender)	Count	% of Total Active Population (Based on Gender)	Count	% of Total Active Population (Based on Gender)
Male	109,738	86.98	16,427	13.02	126,165	100.00
Female	285,641	88.32	37,789	11.68	323,430	100.00
Total	395,379	87.94	54,216	12.06	449,595	100.00

[1] Accounts are coded "active" when a person achieves "member" status and member contributions are received by the DB Program.

[2] Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3] All balances represent contributions and associated interest credited on those contributions.

[4] The 2 percent DB Program transfer to DBS Program was effective from January 1, 2001, through December 31, 2010.

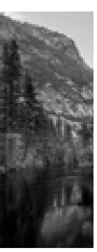


Table 2

Defined Benefit Supplement Program

Active Member Characteristics by Fiscal Year[1]

Active DB Accounts with Current Year DBS Contributions Based on 2% of Regular Earnings[5]

		Averages		
Fiscal Year	Count of Members with Current Year 2% Contributions	Current Year 2% Contribution Amount	Total Current Year DBS Contribution[3]	Total DBS Balance as of June 30[4]
2002	441,593	$985.14	$985.14	$1,493.86
2003	447,844	1,066.47	1,446.21	2,999.58
2004	443,940	1,071.53	1,442.38	4,476.56
2005	449,269	1,090.55	1,470.74	5,907.15
2006	452,737	1,128.77	1,526.31	7,398.80
2007	454,881	1,191.77	1,589.58	8,933.30
2008	460,395	1,242.17	1,685.34	10,585.23
2009	458,243	1,256.18	1,694.98	12,327.75
2010	440,824	1,240.86	1,579.52	14,168.68
2011	417,262	579.54	971.13	15,716.82
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A

[1] Accounts are coded "active" when a person achieves "member" status and member contributions are received by the DB Program.

[2] Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3] Total Current Year Contribution amounts reflect all 2 percent, LTE, and ESC contributions made in the current year by the indicated group.

[4] Each balance amount represents the total contributions and associated interest credited for the indicated group.

[5] The 2 percent DB Program transfer to DBS Program sunset on December 31, 2010.

continued

Table 2

Defined Benefit Supplement Program

Active Member Characteristics by Fiscal Year[1]

Active DB Accounts with Current Year DBS Limited Term Enhancement (LTE) Contributions

		Averages			
Fiscal Year	Count of Members with Current Year LTE Contributions	Current Year LTE Member Contribution Amount	Current Year LTE Employer Contribution Amount	Total Current Year DBS Contribution[3]	Total DBS Balance as of June 30[4]
2002	N/A	N/A	N/A	N/A	N/A
2003	3,787	$79.04	$79.08	$1,667.95	$3,244.66
2004	2,883	118.47	118.48	1,868.89	4,845.20
2005	3,341	87.56	87.56	1,713.85	6,013.23
2006	2,714	84.04	84.04	1,723.08	7,632.07
2007	1,770	88.82	88.82	2,027.01	9,847.55
2008	4,680	129.46	129.46	2,097.46	11,431.85
2009	2,921	97.03	97.03	2,098.95	13,641.39
2010	1,358	180.68	180.68	2,294.42	16,028.15
2011	1,521	212.32	212.32	1,478.80	15,942.76
2012	4,235	159.32	159.32	693.44	17,513.55
2013	3,836	103.54	103.54	531.40	15,795.97
2014	31,785	127.49	127.49	663.21	18,089.63
2015	39,522	119.89	119.88	739.37	18,249.56
2016	61,273	127.87	127.87	786.00	18,501.62
2017	55,043	139.64	139.64	897.67	20,518.18
2018	61,910	117.15	117.15	801.21	20,209.94

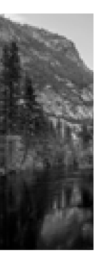
[1] Accounts are coded "active" when a person achieves "member" status and member contributions are received by the DB Program.

[2] Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3] Total Current Year Contribution amounts reflect all 2 percent, LTE, and ESC contributions made in the current year by the indicated group.

[4] Each balance amount represents the total contributions and associated interest credited for the indicated group.

[5] The 2 percent DB Program transfer to DBS Program sunset on December 31, 2010.



continued

Table 2

Defined Benefit Supplement Program

Active Member Characteristics by Fiscal Year[1]

Active DB Accounts with Current Year DBS Excess Service Credit (ESC) Contributions[2]

		Averages			
Fiscal Year	Count of Members with Current Year ESC Contributions	Current Year ESC Member Contribution Amount	Current Year ESC Employer Contribution Amount	Total Current Year DBS Contribution[3]	Total DBS Balance as of June 30[4]
2002	N/A	N/A	N/A	N/A	N/A
2003	284,370	$255.16	$340.77	$1,831.72	$3,583.39
2004	274,903	255.59	340.84	1,848.13	5,435.11
2005	280,353	260.22	349.97	1,884.19	7,205.04
2006	282,210	272.65	363.54	1,957.80	9,021.24
2007	274,977	281.56	375.44	2,057.31	10,936.71
2008	284,424	305.68	407.49	2,169.13	12,934.62
2009	272,811	315.02	420.02	2,210.62	15,174.37
2010	246,286	258.94	345.25	2,076.77	17,728.29
2011	245,470	314.49	348.68	1,335.43	19,332.22
2012	239,867	331.68	331.64	667.20	19,893.75
2013	239,215	321.16	321.12	644.32	20,252.56
2014	250,924	338.75	338.45	700.21	20,173.61
2015	267,694	368.72	368.70	763.47	19,962.56
2016	275,461	386.03	386.01	814.17	19,839.38
2017	280,286	405.54	405.53	851.64	19,690.48
2018	278,041	415.34	415.33	868.07	19,796.28

[1] Accounts are coded "active" when a person achieves "member" status and member contributions are received by the DB Program.

[2] Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3] Total Current Year Contribution amounts reflect all 2 percent, LTE, and ESC contributions made in the current year by the indicated group.

[4] Each balance amount represents the total contributions and associated interest credited for the indicated group.

[5] The 2 percent DB Program transfer to DBS Program sunset on December 31, 2010.

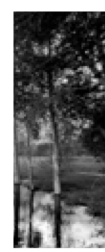


Table 3

Defined Benefit Supplement Program

Inactive Member Characteristics[1]

As of June 30, 2018

Inactive Accounts with DBS Contribution Balances[3] Based on 2% of Regular Earnings[4]

			Averages		
Gender	Count	% of Total Inactive Population (Based on Gender)	2% Member Paid Balance	Total Accumulated DBS Balance	Age for Group
Male	38,479	65.68	$3,019.23	$4,183.73	49.9
Female	94,934	68.07	3,501.81	4,382.02	47.0
Total	133,413	67.36	$3,362.62	$4,324.82	47.9

Inactive Accounts with DBS Limited Term Enhancement Contribution Balances[3]

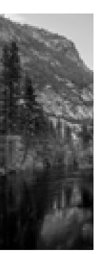
			Averages			
Gender	Count	% of Total Inactive Population (Based on Gender)	Limited Term Enhancement Member Paid Balance	Limited Term Enhancement Employer Paid Balance	Total Accumulated DBS Balance	Age for Group
Male	1,746	2.98	$162.17	$162.17	$11,664.79	46.5
Female	5,546	3.98	165.11	165.11	9,336.91	43.7
Total	7,292	3.68	$164.41	$164.41	$9,894.30	44.4

[1] Accounts are coded "inactive" when a person who is in DB Program "member" status does not contribute DB member contributions during the select fiscal year.

[2] Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3] All balances represent contributions and associated interest credited on those contributions.

[4] The 2 percent DB Program transfer to DBS Program sunset on December 31, 2010.



continued

Table 3

Defined Benefit Supplement Program

Inactive Member Characteristics[1]

As of June 30, 2018

Inactive Accounts with DBS Excess Service Credit Contribution Balances[3]

			Averages			
Gender	Count	% of Total Inactive Population (Based on Gender)	Excess Service Credit Member Paid Balance[2]	Excess Service Credit Employer Paid Balance[2]	Total Accumulated DBS Balance	Age for Group
Male	13,776	23.51	$1,428.66	$1,782.89	$9,965.71	46.4
Female	41,448	29.72	876.30	1,095.57	8,451.42	43.7
Total	55,224	27.88	$1,014.09	$1,267.03	$8,829.17	44.4

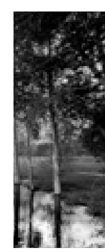
Summary of DB Inactive Accounts with and without DBS Contribution Balances[3]

	Total Inactive Accounts with DBS Balances		Total Inactive Accounts without DBS Balances[1]		Total Inactive Population	
Gender	Count	% of Total Inactive Population (Based on Gender)	Count	% of Total Inactive Population (Based on Gender)	Count	% of Total Inactive Population (Based on Gender)
Male	38,479	65.68	20,110	34.32	58,589	100.00
Female	94,934	68.07	44,535	31.93	139,469	100.00
Total	133,413	67.36	64,645	32.64	198,058	100.00

[1]Accounts are coded "inactive" when a person who is in DB Program "member" status does not contribute DB member contributions during the select fiscal year.

[2]Excess Service Credit contributions are paid at the rate of 8 percent of earnings by the member and 8 percent of earnings by the employer.

[3]All balances represent contributions and associated interest credited on those contributions.



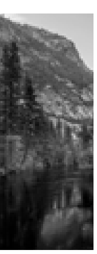


Table 4

Defined Benefit Supplement Program

All Members Retired for Service

As of June 30, 2018

MALE

		Annuity Benefits			Lump Sum Benefits		
Benefit Type	Average Accumulated Credits	Count	Average Monthly Amount	Average Age	Count	Average Amount	Average Age
Lump Sum Only	$15,673.91	N/A	N/A	N/A	31,602	$15,673.91	62.0
Single Life W/O Cash	8,480.41	207	$68.75	61.4	0	—	—
Single Life with Cash	23,970.74	4,454	195.64	62.6	79	11,004.85	63.1
100% J & S	25,986.09	5,537	216.68	62.5	87	12,256.98	62.2
75% J & S	29,718.72	775	251.43	63.2	27	12,981.15	62.4
50% J & S	30,051.42	1,192	239.03	63.0	35	12,877.71	62.6
Period Certain: 10 Years	33,655.03	4,402	423.08	63.0	131	15,349.80	63.8
9 Years	34,564.25	268	464.76	62.4	19	14,189.72	62.8
8 Years	36,304.21	211	530.80	62.3	19	12,578.95	62.9
7 Years	35,946.14	348	576.85	62.6	32	17,961.30	63.5
6 Years	32,979.60	608.20	62.6	62.51	37	14,588.02	62.7
5 Years	32,083.12	1,274	693.79	63.4	110	13,868.81	62.8
4 Years	31,201.55	258	794.86	63.1	47	14,215.51	64.0
3 Years	27,990.82	511	941.48	63.8	83	15,152.06	63.3
Total	$28,477.33	19,758	$335.57	62.8	32,308	$15,635.42	62.1

Defined Benefit Supplement Program

All Members Retired for Service

As of June 30, 2018

FEMALE

		Annuity Benefits				Lump Sum Benefits		
Benefit Type	Average Accumulated Credits	Count	Average Monthly Amount	Average Age		Count	Average Amount	Average Age
Lump Sum Only	$14,524.24	N/A	N/A	N/A		75,163	$14,524.24	61.8
Single Life W/O Cash	7,632.82	811	$61.94	61.5		6	3,990.69	62.3
Single Life with Cash	21,688.93	17,872	176.82	62.7		341	12,080.88	63.4
100% J & S	21,541.31	6,307	177.63	61.7		55	9,796.84	62.3
75% J & S	24,351.55	1,116	202.76	62.4		23	11,480.00	61.0
50% J & S	24,628.55	3,032	185.09	62.5		63	14,652.01	64.1
Period Certain: 10 Years	26,080.39	8,844	328.56	62.7		230	12,647.61	62.9
9 Years	29,113.80	665	394.40	62.3		31	12,008.84	63.3
8 Years	27,185.26	404	401.49	62.0		29	9,960.61	62.0
7 Years	28,289.55	701	464.35	62.5		40	12,654.49	63.0
6 Years	28,216.34	669	522.66	62.7		55	15,779.16	62.9
5 Years	26,394.07	2,837	573.32	62.8		212	12,260.42	62.9
4 Years	24,783.78	587	642.13	62.7		70	13,461.53	62.3
3 Years	24,327.89	1,193	824.12	63.2		165	12,985.12	63.1
Total	$23,306.62	45,038	$268.89	62.5		76,483	$14,489.28	61.8

continued

Table 4

Defined Benefit Supplement Program

All Members Retired for Service

As of June 30, 2018

TOTAL

		Annuity Benefits			Lump Sum Benefits		
Benefit Type	Average Accumulated Credits	Count	Average Monthly Amount	Average Age	Count	Average Amount	Average Age
Lump Sum Only	$14,864.54	N/A	N/A	N/A	106,765	$14,864.54	61.9
Single Life W/O Cash	7,805.17	1,018	$63.32	61.5	6	3,990.69	62.3
Single Life with Cash	22,144.15	22,326	180.57	62.7	420	11,878.48	63.3
100% J & S	23,619.22	11,844	195.89	62.1	142	11,304.10	62.2
75% J & S	26,551.21	1,891	222.71	62.7	50	12,290.62	61.8
50% J & S	26,158.87	4,224	200.31	62.6	98	14,018.34	63.5
Period Certain: 10 Years	28,597.64	13,246	359.98	62.8	361	13,628.18	63.2
9 Years	30,679.41	933	414.61	62.4	50	12,837.58	63.1
8 Years	30,313.88	615	445.85	62.1	48	10,997.04	62.4
7 Years	30,829.58	1,049	501.67	62.5	72	15,013.07	63.2
6 Years	29,760.79	990	550.40	62.6	92	15,300.11	62.8
5 Years	28,157.11	4,111	610.65	63.0	322	12,809.87	62.8
4 Years	26,743.29	845	688.76	62.8	117	13,764.41	63.0
3 Years	25,426.33	1,704	859.31	63.4	248	13,710.35	63.1
Total	$24,883.30	64,796	$289.22	62.6	108,791	$14,829.65	61.9

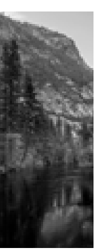


Table 5

Defined Benefit Supplement Program

All Members Receiving Disability Benefits

As of June 30, 2018

MALE

		Annuity Benefits			Lump Sum Benefits		
Benefit Type	Average Accumulated Credits	Count	Average Monthly Amount	Average Age	Count	Average Amount	Average Age
Lump Sum Only	$16,373.82	N/A	N/A	N/A	1,349	$16,373.82	53.2
Single Life W/O Cash	10,577.44	10	$100.24	55.4	1	$3,500.00	57.7
Single Life with Cash	22,673.26	153	190.21	55.1	5	12,163.56	50.8
100% J & S	20,768.29	29	196.03	58.6	2	13,500.00	57.5
75% J & S	19,254.62	16	198.22	61.4	0	—	—
50% J & S	20,878.12	28	198.17	54.9	1	5,000.00	45.2
Period Certain: 10 Years	23,050.71	72	285.71	56.1	5	9,593.43	55.9
9 Years	32,691.68	9	467.48	58.6	1	9,500.00	60.0
8 Years	17,971.89	1	264.41	65.5	0	—	—
7 Years	24,342.21	10	351.32	58.7	2	17,000.00	59.8
6 Years	26,890.74	9	512.93	57.7	1	35,000.00	52.8
5 Years	28,363.18	24	563.68	60.1	3	24,955.00	60.1
4 Years	23,928.46	4	622.00	57.9	1	5,000.00	48.3
3 Years	21,263.78	9	705.64	53.9	2	17,500.00	46.2
Total	$22,713.41	374	$267.51	56.4	1,373	$16,333.53	53.2

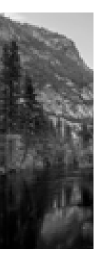
continued

Table 5

Defined Benefit Supplement Program

All Members Receiving Disability Benefits

As of June 30, 2018



FEMALE

		Annuity Benefits			Lump Sum Benefits		
Benefit Type	Average Accumulated Credits	Count	Average Monthly Amount	Average Age	Count	Average Amount	Average Age
Lump Sum Only	$13,295.48	N/A	N/A	N/A	4,281	$13,295.48	51.4
Single Life W/O Cash	6,227.44	15	$59.11	52.8	2	799.43	46.6
Single Life with Cash	18,651.94	593	156.45	54.4	17	9,102.80	57.2
100% J & S	17,588.41	33	167.26	55.1	1	5,000.00	67.1
75% J & S	23,031.71	18	219.72	55.5	0	—	—
50% J & S	18,638.30	36	169.75	52.2	0	—	—
Period Certain: 10 Years	20,820.73	190	261.28	56.1	5	11,900.00	50.7
9 Years	24,423.63	20	311.58	54.3	3	10,000.00	59.9
8 Years	21,947.16	8	330.50	54.5	0	—	—
7 Years	23,533.60	22	381.46	56.5	2	6,500.00	58.0
6 Years	22,552.43	19	414.39	58.1	2	7,250.00	55.5
5 Years	19,902.36	68	440.80	56.0	4	4,250.00	49.7
4 Years	18,960.30	22	494.26	53.1	3	6,166.67	53.8
3 Years	21,036.97	46	692.78	54.8	9	10,422.22	53.3
Total	$19,380.18	1,090	$235.55	54.8	4,329	$13,242.22	51.4

continued

Table 5

Defined Benefit Supplement Program

All Members Receiving Disability Benefits

As of June 30, 2018

TOTAL

		Annuity Benefits			Lump Sum Benefits		
Benefit Type	Average Accumulated Credits	Count	Average Monthly Amount	Average Age	Count	Average Amount	Average Age
Lump Sum Only	$14,033.08	N/A	N/A	N/A	5,630	$14,033.08	51.8
Single Life W/O Cash	7,967.44	25	$75.56	53.9	3	1,699.62	50.3
Single Life with Cash	19,476.69	746	163.38	54.5	22	9,798.43	55.8
100% J & S	19,075.77	62	180.71	56.7	3	10,666.67	60.7
75% J & S	21,254.25	34	209.60	58.3	0	—	—
50% J & S	19,618.22	64	182.18	53.4	1	5,000.00	45.2
Period Certain: 10 Years	21,433.55	262	267.99	56.1	10	10,746.71	53.3
9 Years	26,989.58	29	359.96	55.6	4	9,875.00	59.9
8 Years	21,505.46	9	323.16	55.7	0	—	—
7 Years	23,786.29	32	372.04	57.2	4	11,750.00	58.9
6 Years	23,946.89	28	446.07	57.9	3	16,500.00	54.6
5 Years	22,109.53	92	472.85	57.1	7	13,123.57	54.2
4 Years	19,724.64	26	513.91	53.9	4	5,875.00	52.4
3 Years	21,074.09	55	694.89	54.6	11	11,709.09	52.0
Total	$20,231.70	1,464	$243.71	55.2	5,702	$13,986.59	51.9

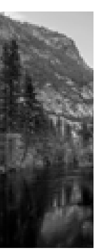


Table 6

Defined Benefit Supplement Program

Members Retired for Service During the 2017–18 Fiscal Year[1]
Classified by Age and Annuity Elected

As of June 30, 2018

		Regular Annuity				Period Certain							
Age	Total	Single Life With Cash	100% Joint and Survivor	75% Joint and Survivor	50% Joint and Survivor	10 years	9 years	8 years	7 years	6 years	5 years	4 years	3 years
Under 55	14	7	1	1	1	2	0	0	1	0	0	0	1
55	302	102	46	5	8	53	4	3	5	6	38	9	23
56	149	44	16	3	8	30	2	2	2	4	15	5	18
57	204	57	22	5	8	46	2	8	4	7	12	9	24
58	300	76	45	1	17	57	7	4	16	13	33	10	21
59	377	102	41	4	19	82	9	5	15	19	51	9	21
60	645	153	70	20	31	152	10	4	14	22	100	17	52
61	936	217	137	32	62	196	26	13	19	23	109	41	61
62	870	243	112	27	62	160	7	19	19	17	96	31	77
63	765	211	87	17	44	158	13	8	38	23	86	19	61
64	563	150	70	29	42	105	5	3	9	26	76	11	37
65	541	169	78	8	28	102	7	0	14	8	74	18	35
66	410	133	55	14	27	78	8	3	3	12	37	11	29
67	313	77	29	18	21	76	3	2	8	2	30	9	38
68	232	75	31	2	10	51	1	4	7	3	26	3	19
69	181	50	18	4	12	49	2	2	4	4	18	5	13
70	152	46	16	10	7	36	3	1	1	2	18	5	7
71	102	33	9	2	8	27	1	3	1	1	7	1	9
72	69	24	6	0	5	13	1	1	3	1	10	1	4
73	51	13	5	1	4	7	2	0	1	2	6	2	8
74	47	13	4	1	3	18	0	0	0	3	2	0	3
75 and Over	97	30	12	6	6	14	1	1	3	2	11	2	9
Age Unknown	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	7,320	2,025	910	210	433	1,512	114	86	187	200	855	218	570

[1] Does not include formerly disabled members.

Table 7

Defined Benefit Supplement Program

Retired Members by Type of Benefit and Annuity Selected

As of June 30, 2018

Monthly Annuity Amount

Type of Benefit	Less than $250	$250–500	$500–750	$750–1,000	$1,000 & Greater	Total
Retirement	37,920	17,752	5,666	1,929	1,529	64,796
Disability	1,006	320	91	30	17	1,464
Survivors	1,116	328	115	45	54	1,658
Total	40,042	18,400	5,872	2,004	1,600	67,918
Type of Payment						
Regular Annuity						
Single Life without Cash	1,053	1	0	0	0	1,054
Single Life with Cash	19,175	3,347	378	116	56	23,072
100% J & S	9,904	2,168	300	74	60	12,506
75% J & S	1,469	420	72	10	16	1,987
50% J & S	3,376	836	129	35	17	4,393
Period Certain Annuity						
10 Year	4,086	7,861	1,445	379	275	14,046
9 Year	181	613	141	33	36	1,004
8 Year	80	395	117	25	28	645
7 Year	88	615	288	66	54	1,111
6 Year	76	444	404	77	57	1,058
5 Year	329	1,261	1,877	522	327	4,316
4 Year	61	163	389	169	118	900
3 Year	164	276	332	498	556	1,826
Total	40,042	18,400	5,872	2,004	1,600	67,918

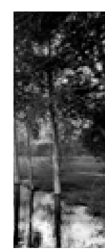


Table 8

Defined Benefit Supplement Program

Active Members with Limited Term Enhancement Contributions
During the 2017–18 Fiscal Year Characterized by Age

As of June 30, 2018

Age	Count	Total LTE Earnings	Average LTE Earnings
≤20	0	0	0
21	0	0	0
22	0	0	0
23	0	0	0
24	0	0	0
25	0	0	0
26	5	$6,700	$1,340
27	45	57,865	1,286
28	242	284,399	1,175
29	454	520,296	1,146
30	695	932,033	1,341
31	835	1,046,740	1,254
32	1,012	1,278,642	1,263
33	1,198	1,475,722	1,232
34	1,386	1,782,062	1,286
35	1,584	2,004,494	1,265
36	1,791	2,431,219	1,357
37	1,884	2,503,081	1,329
38	1,963	2,707,418	1,379
39	2,033	2,846,415	1,400
40	2,073	2,939,421	1,418
41	2,131	2,980,147	1,398
42	2,126	3,061,781	1,440
43	2,304	3,360,494	1,459
44	2,185	3,155,371	1,444
45	2,180	3,183,715	1,460

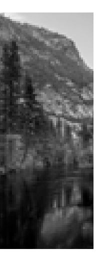


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Table 8

Defined Benefit Supplement Program

Active Members with Limited Term Enhancement Contributions
During the 2017–18 Fiscal Year Characterized by Age

As of June 30, 2018

Age	Count	Total LTE Earnings	Average LTE Earnings
46	2,210	$3,264,815	$1,477
47	2,405	3,651,323	1,518
48	2,334	3,604,848	1,544
49	2,158	3,223,090	1,494
50	1,956	3,005,465	1,537
51	1,944	3,057,978	1,573
52	1,814	2,869,893	1,582
53	1,898	2,946,199	1,552
54	1,867	2,875,566	1,540
55	1,904	3,000,779	1,576
56	1,755	2,738,663	1,560
57	1,673	2,653,191	1,586
58	1,574	2,525,139	1,604
59	1,471	2,352,163	1,599
60	1,384	2,129,932	1,539
61	1,199	1,920,002	1,601
62	918	1,408,520	1,534
63	736	1,177,912	1,600
64	554	861,229	1,555
65	486	734,190	1,511
66	394	535,180	1,358
67	279	411,915	1,476
68	197	257,597	1,308
69	161	196,839	1,223
≥70	513	700,264	1,365
Unknown	0	0	0
Total	61,910	$90,660,707	$1,464

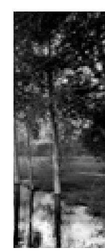

Table 9

Defined Benefit Supplement Program

Total Active Members with Limited Term Enhancement Contributions

Fiscal Year Ending June 30	Member Count	Total LTE Earnings[1]	Average LTE Earnings[1]
2003	3,787	$3,743,300	$988
2004	2,883	4,269,725	1,481
2005	3,341	3,656,838	1,095
2006	2,714	2,850,164	1,050
2007	1,770	1,965,225	1,110
2008	4,680	7,577,372	1,619
2009	2,921	3,545,599	1,214
2010	1,358	3,066,940	2,258
2011	1,521	4,037,698	2,655
2012	4,235	8,434,254	1,992
2013	3,836	4,965,042	1,294
2014	31,785	50,648,120	1,593
2015	39,522	59,224,628	1,499
2016	61,273	97,942,019	1,598
2017	55,043	96,087,190	1,746
2018	61,910	90,660,707	1,464

[1] FYE 2003 through 2006 earnings were estimates.

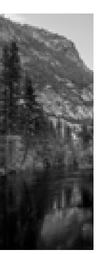

Table 10

Defined Benefit Supplement Program

Active Members with Excess Service Credit Contributions
During the 2017–18 Fiscal Year Characterized by Age

As of June 30, 2018

Age	Count	Total ESC Earnings	Average ESC Earnings
≤20	4	$3,936	$384
21	7	19,972	2,853
22	134	297,411	2,219
23	639	1,394,213	2,182
24	1,640	4,014,215	2,448
25	2,593	7,103,658	2,740
26	3,724	10,746,216	2,886
27	4,527	14,408,230	3,183
28	5,064	18,018,297	3,558
29	5,243	18,686,642	3,564
30	5,445	21,093,298	3,874
31	5,275	22,890,885	4,340
32	5,587	24,605,577	4,404
33	5,805	27,238,008	4,692
34	6,273	29,539,184	4,709
35	6,943	33,487,883	4,823
36	7,397	37,375,889	5,053
37	7,631	38,008,178	4,981
38	7,988	41,389,805	5,181
39	8,227	41,890,843	5,092
40	8,525	44,980,094	5,276
41	8,656	44,369,277	5,126
42	8,683	44,144,566	5,084
43	9,381	50,426,537	5,375
44	9,150	48,537,427	5,305
45	9,001	47,552,668	5,283

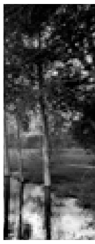

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Table 10

Defined Benefit Supplement Program

Active Members with Excess Service Credit Contributions
During the 2017–18 Fiscal Year Characterized by Age

As of June 30, 2018

Age	Count	Total ESC Earnings	Average ESC Earnings
46	9,082	$48,437,837	$5,333
47	9,811	53,297,820	5,432
48	9,451	51,959,495	5,498
49	8,838	47,573,106	5,383
50	8,074	45,189,347	5,597
51	7,615	41,192,391	5,409
52	7,255	40,425,258	5,572
53	7,337	41,219,077	5,618
54	7,186	39,597,986	5,510
55	7,255	41,510,774	5,722
56	6,828	37,351,502	5,470
57	6,552	35,753,591	5,457
58	6,180	33,801,707	5,470
59	5,894	32,680,774	5,545
60	5,325	31,171,042	5,854
61	4,644	28,559,645	6,150
62	3,755	23,045,380	6,137
63	2,958	19,534,730	6,604
64	2,321	16,235,975	6,995
65	1,960	13,383,386	6,828
66	1,540	10,312,903	6,697
67	1,139	9,105,041	7,994
68	911	7,773,541	8,533
69	671	5,170,539	7,706
≥70	1,917	17,562,551	9,161
Unknown	0	0	0
Total	278,041	$1,444,068,307	$5,194

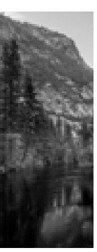


Table 11

Defined Benefit Supplement Program

Total Active Members with Excess Service Credit Contributions

Fiscal Year Ending June 30	Member Count	Total ESC Earnings[1]	Average ESC Earnings[1]
2003	284,370	$1,211,324,813	$4,260
2004	274,903	1,171,207,675	4,260
2005	280,353	1,215,958,075	4,337
2006	282,210	1,282,420,717	4,544
2007	274,977	1,290,473,688	4,693
2008	284,424	1,448,938,144	5,094
2009	272,811	1,432,374,899	5,250
2010	246,286	1,062,877,007	4,316
2011	245,470	1,069,975,589	4,359
2012	239,867	994,537,836	4,146
2013	239,215	960,370,311	4,015
2014	250,924	1,061,629,658	4,231
2015	267,694	1,233,912,462	4,609
2016	275,461	1,329,463,259	4,826
2017	280,286	1,421,212,065	5,071
2018	278,041	1,444,068,307	5,194

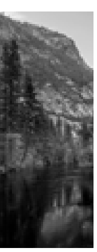
[1] FYE 2003 through 2006 earned salary were estimates.

Table 1

Cash Balance Benefit Program

Participant Statistical Information

Fiscal Year Ending June 30[1]	Number Of Participants			
	Active[2]	Inactive[2]	Retirees[3] & Beneficiaries	Total
1997	N/A	N/A	0	495
1998	N/A	N/A	0	3,505
1999	N/A	N/A	21	6,433
2000	7,598	1,848	55	9,501
2001	8,412	3,603	102	12,117
2002	9,238	5,284	116	14,638
2003	8,977	7,311	203	16,491
2004	9,114	9,087	294	18,495
2005[4]	9,385	10,534	367	20,286
2006[4]	9,869	12,101	393	22,363
2007	10,579	13,536	407	24,522
2008[4]	11,627	15,037	354	27,018
2009	11,332	17,129	91	28,552
2010[4]	10,378	18,771	510	29,659
2011	9,923	19,875	570	30,368
2012	9,273	21,064	650	30,987
2013	9,129	21,875	620	31,624
2014	9,955	22,278	664	32,897
2015[4]	10,416	23,084	746	34,246
2016	10,676	24,017	1,485	36,178
2017[5]	10,480	25,115	1,137	36,732
2018	10,469	26,063	682	37,214



[1] Program established July 1, 1996.

[2] Active is defined as a participant with current year contributions and a positive year end balance. Inactive is defined as a participant without current year contributions but with a positive year end balance.

[3] Include terminated, disabled, and deceased members.

[4] Revised retirees and beneficiaries count in 2016.

[5] Revised retirees and beneficiaries count in 2018.

N/A = not available.

Cash Balance Benefit Program

Participant Statistical Information

Fiscal Year Ending June 30[1]	Total Account Balances			Active Average		Inactive Average	
	Participant	Employer	Total	Account Balance	Age	Account Balance	Age
1997	$82,039	$82,039	$164,078	N/A	N/A	N/A	N/A
1998	855,423	872,282	1,727,705	N/A	N/A	N/A	N/A
1999	2,473,015	2,527,598	5,000,613	N/A	N/A	N/A	N/A
2000	5,250,345	5,100,375	10,350,720	N/A	N/A	N/A	N/A
2001	8,513,463	8,425,011	16,938,474	N/A	N/A	N/A	N/A
2002	12,541,528	12,538,528	25,080,056	N/A	N/A	N/A	N/A
2003	16,888,397	16,948,456	33,836,853	$2,903	47.3	$1,064	46.4
2004	20,693,119	21,278,923	41,972,042	3,384	47.9	1,225	46.4
2005	25,446,827	26,281,904	51,728,731	3,867	47.8	1,466	46.8
2006	30,457,035	31,561,452	62,018,487	4,328	47.8	1,596	47.2
2007	36,973,890	38,414,395	75,388,285	4,897	47.6	1,742	47.6
2008	45,227,824	47,104,184	92,332,008	5,486	47.7	1,898	47.9
2009	55,987,817	58,350,386	114,338,203	6,777	48.0	2,192	48.2
2010	63,198,012	65,877,272	129,075,283	8,182	48.8	2,353	48.6
2011	70,351,717	73,354,027	143,705,744	9,245	49.3	2,614	49.1
2012	76,663,254	79,946,293	156,609,547	10,357	49.5	2,875	49.6
2013	82,566,135	86,132,537	168,698,672	10,981	49.3	3,129	50.1
2014	88,765,019	92,649,235	181,414,254	10,853	48.8	3,294	50.6
2015	99,055,398	103,167,751	202,223,149	11,465	48.7	3,587	51.0
2016	113,297,514	117,581,545	230,879,059	12,589	48.8	4,017	51.3
2017	120,209,099	124,509,196	244,718,295	13,063	48.5	4,293	51.6
2018	127,985,404	132,244,964	260,230,367	13,702	48.6	4,481	51.9

[1]Program established July 1, 1996.
N/A = not available.

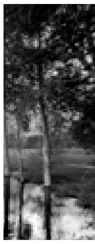


Table 2

Cash Balance Benefit Program

Active Participants by Age Group

Fiscal Year Ending June 30[1]	Under 25	25–30	30–35	35–40	40–45	45–50
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	52	172	328	442	604	662
1999	47	349	654	767	961	1,102
2000	57	372	713	952	1,062	1,307
2001	66	481	816	947	1,044	1,385
2002	122	579	941	1,041	1,192	1,474
2003	97	530	907	1,010	1,197	1,377
2004	106	504	883	995	1,206	1,303
2005	96	608	907	1,070	1,182	1,311
2006	128	696	946	1,150	1,193	1,300
2007	146	764	1,104	1,236	1,283	1,276
2008	137	911	1,222	1,374	1,369	1,445
2009	144	830	1,222	1,302	1,330	1,366
2010	98	663	1,071	1,140	1,234	1,250
2011	68	565	1,025	1,030	1,214	1,197
2012	38	482	958	1,031	1,115	1,129
2013	40	483	991	1,054	1,112	1,089
2014	56	575	1,145	1,248	1,171	1,163
2015	63	614	1,212	1,334	1,188	1,242
2016	53	616	1,264	1,378	1,221	1,344
2017	74	632	1,260	1,337	1,249	1,271
2018	79	618	1,226	1,419	1,244	1,262

[1] Program established July1, 1996.

N/A = not available.

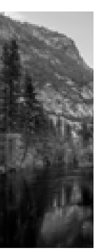


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Table 2

Cash Balance Benefit Program

Active Participants by Age Group

Fiscal Year Ending June 30[1]	50–55	55–60	60–65	65 and over	Unknown	Total
1997	N/A	N/A	N/A	N/A	N/A	N/A
1998	555	347	196	147	0	3,505
1999	1,120	673	375	308	56	6,412
2000	1,319	884	510	384	38	7,598
2001	1,393	1,034	605	473	168	8,412
2002	1,429	1,160	641	506	153	9,238
2003	1,406	1,203	662	526	62	8,977
2004	1,388	1,264	768	659	38	9,114
2005	1,388	1,291	821	696	15	9,385
2006	1,404	1,407	875	747	23	9,869
2007	1,460	1,397	1,020	835	58	10,579
2008	1,494	1,520	1,148	996	11	11,627
2009	1,436	1,442	1,160	1,099	1	11,332
2010	1,298	1,386	1,124	1,114	0	10,378
2011	1,275	1,315	1,121	1,113	0	9,923
2012	1,147	1,216	1,020	1,137	0	9,273
2013	1,126	1,119	989	1,126	0	9,129
2014	1,189	1,146	1,041	1,221	0	9,955
2015	1,218	1,167	1,106	1,272	0	10,416
2016	1,204	1,150	1,081	1,365	0	10,676
2017	1,181	1,112	1,029	1,335	0	10,480
2018	1,132	1,142	959	1,388	0	10,469

[1] Program established July1, 1996.

N/A = not available.

Table 3

Cash Balance Benefit Program

Counts by Type of Benefit

	Retirement Benefit				
	Lump Sum Payout				
Fiscal Year Ended June 30	Without Rollover	With Rollover	Lump Sum Total	Annuity Payout	Average Age at Benefit Start
1999	10	1	11	0	N/A
2000	11	6	17	0	N/A
2001	32	3	35	0	N/A
2002	34	11	45	0	N/A
2003	77	10	87	0	64.1
2004	137	21	158	3	67.7
2005	152	50	202	4	66.4
2006[1]	139	55	194	5	67.5
2007	105	39	144	5	66.3
2008	86	20	106	7	67.1
2009	27	2	29	12	67.5
2010[2]	131	39	170	17	68.4
2011	155	44	199	24	66.4
2012	234	67	301	41	67.8
2013	249	82	331	30	67.8
2014	257	132	389	40	67.3
2015	306	133	439	51	67.8
2016	746	236	982	59	69.1
2017	572	193	765	76	68.1
2018	296	155	451	81	69.6

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retired lump sum payout with roll over count in 2014.

N/A = not available.

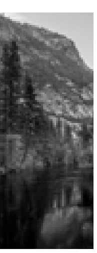

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Table 3

Cash Balance Benefit Program

Counts by Type of Benefit

Fiscal Year Ended June 30	Termination Benefit			
	Without Rollover	With Rollover	Termination Total	Average Age at Benefit Start
1999	7	1	8	N/A
2000	27	5	32	N/A
2001	42	18	60	N/A
2002	48	12	60	N/A
2003	88	13	101	43.5
2004	94	27	121	40.8
2005	101	33	134	41.8
2006[1]	105	63	168	41.6
2007	160	78	238	45.5
2008	146	78	224	48.4
2009	32	11	43	49.8
2010[2]	219	70	289	49.9
2011	227	74	301	52.0
2012	196	74	270	51.7
2013	162	69	231	48.2
2014	123	77	200	47.7
2015	127	72	199	48.9
2016	307	84	391	48.6
2017	187	51	238	45.9
2018	53	44	97	45.4

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retired lump sum payout with roll over count in 2014.

N/A = not available.

continued

Table 3

Cash Balance Benefit Program

Counts by Type of Benefit

Disability Benefit

	Lump Sum Payout				
Fiscal Year Ended June 30	Without Rollover	With Rollover	Lump Sum Total	Annuity Payout	Average Age at Benefit Start
1999	0	0	0	0	N/A
2000	0	0	0	0	N/A
2001	0	1	1	0	N/A
2002	0	0	0	0	N/A
2003	1	0	1	0	57.1
2004	0	0	0	0	N/A
2005	0	0	0	0	N/A
2006[1]	2	0	2	0	50.0
2007	2	0	2	0	50.0
2008	0	0	0	0	N/A
2009	0	0	0	0	N/A
2010[3]	0	0	0	1	48.1
2011	2	1	3	0	53.2
2012	0	0	0	0	N/A
2013	0	0	0	0	N/A
2014	1	0	1	1	44.0
2015	1	0	1	0	52.4
2016	1	0	1	0	53.4
2017	1	0	1	0	65.9
2018	2	0	2	0	N/A

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[3] Revised disability annuity payout in 2015.

N/A = not available.

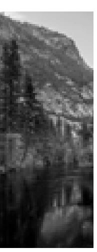

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Table 3

Cash Balance Benefit Program

Counts by Type of Benefit

	Death Benefit				
	Lump Sum Payout				
Fiscal Year Ended June 30	Without Rollover	With Rollover	Death Total	Annuity Payout	Average Age at Benefit Start
1999	2	0	2	0	N/A
2000	6	0	6	0	N/A
2001	6	0	6	0	N/A
2002	10	1	11	0	N/A
2003	12	2	14	0	56.9
2004	10	2	12	0	66.6
2005	24	3	27	0	58.8
2006[1]	19	5	24	0	62.4
2007	16	2	18	0	60.1
2008	14	3	17	0	59.8
2009	6	1	7	0	62.8
2010[3]	32	1	33	0	64.9
2011	37	6	43	0	62.0
2012	34	4	38	0	64.5
2013	20	8	28	0	64.6
2014	24	8	32	1	66.2
2015	46	10	56	0	66.9
2016	43	9	52	0	64.8
2017	46	9	55	2	64.5
2018	38	11	49	2	60.5

[1]Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[3]Revised disability annuity payout in 2015.

N/A = not available.

Table 4

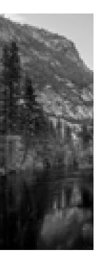
Cash Balance Benefit Program

Average Benefit Paid by Type of Benefit

Fiscal Year Ended June 30	Retirement Benefit				
	Average Lump Sum Payout			Average Annuity	
	Without Rollover	With Rollover	Lump Sum Total	Balance	Monthly Payable
1999	$800	$432	$767	$0	$0
2000	1,331	1,202	1,286	0	0
2001	1,286	1,621	1,314	0	0
2002	1,464	2,993	1,838	0	0
2003	1,245	2,133	1,347	0	0
2004[2]	1,759	3,556	1,998	10,344	136
2005[2]	2,393	3,288	2,614	14,217	202
2006[1,2]	2,686	5,315	3,431	9,686	178
2007	2,939	5,547	3,645	9,343	179
2008	5,217	6,492	5,457	15,854	258
2009	3,878	29,713	5,660	13,859	203
2010	5,699	13,404	7,467	12,360	251
2011[2]	5,823	1,017	6,972	14,401	231
2012	6,243	11,836	7,488	19,475	275
2013	6,583	12,315	8,003	24,755	369
2014	4,486	11,957	7,470	24,246	353
2015	4,391	13,312	7,093	23,510	265
2016	1,861	8,840	3,442	23,430	343
2017	3,455	12,343	5,697	39,071	423
2018	7,422	17,359	10,837	31,330	478

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retirement benefits monthly payable amounts in 2015.



Cash Balance Benefit Program

Average Benefit Paid by Type of Benefit

Fiscal Year Ended June 30	Termination Benefit		
	Average Lump Sum Payout		
	Without Rollover	With Rollover	Termination Total
1999	$652	$412	$622
2000	816	450	759
2001	1,034	997	1,023
2002	1,545	1,261	1,488
2003	1,330	1,090	1,299
2004[2]	1,756	1,170	1,625
2005[2]	1,930	1,562	1,839
2006[1,2]	1,822	3,149	2,320
2007	2,620	3,140	2,790
2008	2,819	2,491	2,705
2009	5,683	7,802	6,225
2010	3,540	3,752	3,591
2011[2]	4,086	5,247	4,371
2012	3,728	5,548	4,226
2013	4,325	5,018	4,532
2014	4,480	6,842	5,389
2015	4,525	6,703	5,313
2016	1,991	2,933	2,193
2017	4,266	8,567	5,188
2018	7,279	7,692	7,466

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retirement benefits monthly payable amounts in 2015.

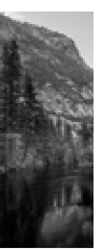
continued
Table 4

Cash Balance Benefit Program

Average Benefit Paid by Type of Benefit

	Disability Benefit				
Fiscal Year Ended June 30	Average Lump Sum Payout			Average Annuity	
	Without Rollover	With Rollover	Lump Sum Total	Balance	Monthly Payable
1999	$0	$0	$0	$0	$0
2000	0	0	0	0	0
2001	0	4,529	4,529	0	0
2002	0	0	0	0	0
2003	7,450	0	7,450	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006	641	0	641	0	0
2007	3,138	0	3,138	0	0
2008	0	0	0	0	0
2009	0	0	0	0	0
2010[3]	0	0	0	26,208	332
2011	4,831	1,812	3,825	0	0
2012	0	0	0	0	0
2013	0	0	0	0	0
2014	22,341	0	22,341	520,964	3,375
2015	25,083	0	25,083	0	0
2016	1,016	0	1,016	0	0
2017	1,401	0	1,401	0	0
2018	5,401	0	5,401	0	0

[3]Revised disability annuity payout in 2015.



Cash Balance Benefit Program

Average Benefit Paid by Type of Benefit

Fiscal Year Ended June 30	Death Benefit: Average Lump Sum Payout: Without Rollover	With Rollover	Death Total	Average Monthly Annuity
1999	$970	$0	$970	$0
2000	2,025	0	2,025	0
2001	1,345	0	1,345	0
2002	2,088	1,948	2,075	0
2003	2,929	5,211	3,255	0
2004	2,935	7,755	3,738	0
2005	3,333	3,612	3,364	0
2006[1]	3,210	4,626	3,505	0
2007	2,327	5,416	3,505	0
2008	4,660	1,125	4,036	0
2009	12,916	21,285	14,112	0
2010[3]	7,297	14,232	7,507	0
2011	6,139	10,997	6,817	0
2012	6,046	22,761	7,805	0
2013	10,826	7,725	9,797	0
2014	12,279	42,199	19,759	163
2015	7,749	12,857	8,661	0
2016	5,793	9,098	6,365	0
2017	8,921	28,449	12,117	373
2018	8,583	14,397	9,888	290

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retirement benefits monthly payable amounts in 2015.

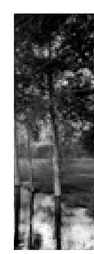


Table 5

Cash Balance Benefit Program

Total Dollars Paid by Type of Benefit

Fiscal Year Ended June 30	Retirement Benefit				
	Total Lump Sum Payout			Total Annuity	
	Without Rollover	With Rollover	Lump Sum Total	Balance	Monthly Payable
1999	$8,001	$432	$8,433	$0	$0
2000	14,645	7,214	21,859	0	0
2001	41,142	4,864	46,006	0	0
2002	49,767	32,926	82,693	0	0
2003	95,878	21,335	117,213	0	0
2004[2]	240,983	74,676	315,659	31,031	407
2005[2]	363,688	164,400	528,068	56,868	808
2006[1,2]	373,362	292,324	665,686	48,432	892
2007	308,576	216,318	524,894	46,713	893
2008	448,619	129,837	578,457	110,977	1,804
2009	104,707	59,427	164,134	166,310	2,432
2010[2]	746,615	522,772	1,269,387	210,124	4,267
2011[2]	902,607	484,750	1,387,358	345,627	5,555
2012[2]	1,460,898	792,987	2,253,885	798,473	11,295
2013	1,639,169	1,009,856	2,649,025	742,642	11,076
2014	1,327,691	1,578,259	2,905,949	969,832	14,136
2015	1,343,500	1,770,457	3,113,956	1,199,007	13,521
2016	1,388,485	1,991,942	3,380,428	1,382,359	20,248
2017	1,976,346	2,382,118	4,358,463	2,910,583	32,140
2018	2,196,859	2,690,617	4,887,476	2,537,737	38,706

[1]Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2]Revised retirement benefits monthly payable amounts in 2015.

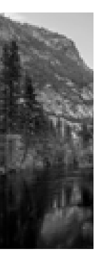


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Table 5

Cash Balance Benefit Program

Total Dollars Paid by Type of Benefit

Fiscal Year Ended June 30	Termination Benefit		
	Total Lump Sum Payout		
	Without Rollover	With Rollover	Termination Total
1999	$4,563	$412	$4,976
2000	22,036	2,249	24,285
2001	43,413	17,950	61,363
2002	74,141	15,137	89,278
2003	117,038	14,174	131,212
2004[2]	165,064	31,590	196,654
2005[2]	194,930	51,546	246,476
2006[1,2]	191,307	198,364	389,671
2007	419,214	244,909	664,123
2008	411,603	194,323	605,926
2009	181,861	85,827	267,688
2010[2]	775,218	262,663	1,037,881
2011[2]	927,504	388,303	1,315,808
2012[2]	730,595	410,553	1,141,148
2013	700,581	346,211	1,046,792
2014	551,004	526,872	1,077,876
2015	574,703	482,642	1,057,345
2016	611,214	246,402	857,616
2017	797,762	436,911	1,234,673
2018	385,775	338,461	724,236

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retirement benefits monthly payable amounts in 2015.

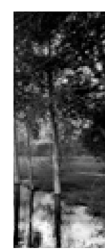

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Table 5

Cash Balance Benefit Program

Total Dollars Paid by Type of Benefit

Fiscal Year Ended June 30	Disability Benefit				
	Total Lump Sum Payout			Total Annuity	
	Without Rollover	With Rollover	Lump Sum Total	Balance	Monthly Payable
1999	$0	$0	$0	$0	$0
2000	0	0	0	0	0
2001	0	4,529	4,529	0	0
2002	0	0	0	0	0
2003	7,450	0	7,450	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006[1]	1,282	0	1,282	0	0
2007	6,275	0	6,275	0	0
2008	0	0	0	0	0
2009	0	0	0	0	0
2010[3]	0	0	0	26,208	332
2011	9,661	1,812	11,474	0	0
2012	0	0	0	0	0
2013	0	0	0	0	0
2014	22,341	0	22,341	520,964	3,375
2015	25,083	0	25,083	0	0
2016	1,016	0	1,016	0	0
2017	1,401	0	1,401	0	0
2018	10,801	0	10,801	0	0

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[2] Revised retirement benefits monthly payable amounts in 2015.

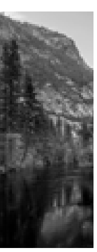

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Table 5

Cash Balance Benefit Program

Total Dollars Paid by Type of Benefit

Fiscal Year Ended June 30	Death Benefit: Total Lump Sum Payout: Without Rollover	With Rollover	Death Total	Total Monthly Annuity
1999	$1,939	$0	$1,939	$0
2000	12,149	0	12,149	0
2001	8,071	0	8,071	0
2002	20,881	1,948	22,828	0
2003	35,151	10,422	45,573	0
2004	29,350	15,510	44,860	0
2005	79,992	10,836	90,828	0
2006[1]	60,997	23,131	84,128	0
2007	37,227	10,833	48,060	0
2008	65,236	3,374	68,609	0
2009	77,497	21,285	98,781	0
2010[3]	233,511	14,232	247,743	0
2011	227,144	65,980	293,125	0
2012	205,549	91,043	296,592	0
2013	216,517	57,796	274,313	0
2014	294,691	337,589	632,280	163
2015	356,461	128,574	485,035	0
2016	249,103	81,881	330,984	0
2017	410,382	256,040	666,422	747
2018	326,143	158,369	484,512	581

[1] Revised retirement, termination, and death benefit counts and dollar amounts in 2007.

[3] Revised disability annuity payout in 2015.

Table 6

Cash Balance Benefit Program

Participants Retired for Service During the 2017–18 Fiscal Year[1]
Classified by Age and Type of Annuity Selected

As of June 30, 2018

		Regular Annuity				Period Certain Annuity							
Age	Total	Participant Only[2]	100% Beneficiary[3]	75% Beneficiary[4]	50% Beneficiary[5]	10 Years	9 Years	8 Years	7 Years	6 Years	5 Years	4 Years	3 Years
Under 55	0	0	0	0	0	0	0	0	0	0	0	0	0
55	2	0	0	0	0	0	0	0	0	0	2	0	0
56	0	0	0	0	0	0	0	0	0	0	0	0	0
57	0	0	0	0	0	0	0	0	0	0	0	0	0
58	0	0	0	0	0	0	0	0	0	0	0	0	0
59	4	1	0	0	0	1	0	0	0	0	1	0	1
60	2	0	1	1	0	0	0	0	0	0	0	0	0
61	2	1	0	0	0	0	0	0	0	0	0	1	0
62	4	1	0	0	0	1	0	0	0	1	0	0	1
63	4	1	0	0	0	0	0	0	0	0	0	1	2
64	2	1	0	0	0	0	0	0	0	0	1	0	0
65	3	2	0	0	0	0	0	0	0	0	1	0	0
66	5	3	0	1	0	1	0	0	0	0	0	0	0
67	3	1	0	0	0	1	1	0	0	0	0	0	0
68	3	1	1	0	0	0	0	0	0	0	0	0	1
69	8	5	0	0	0	0	0	0	1	0	0	1	1
70	8	1	1	0	0	0	0	0	1	0	2	1	2
71	8	1	1	1	0	1	0	0	0	0	2	0	2
72	2	0	0	0	0	1	0	0	0	0	0	0	1
73	1	1	0	0	0	0	0	0	0	0	0	0	0
74	2	0	0	0	0	1	0	0	0	0	0	0	1
75 & Over	18	6	0	1	0	1	0	0	1	0	3	0	6
Total	81	26	4	4	0	8	1	0	3	1	12	4	18

[1]Does not include formerly disabled members.

[2]Formerly known as the Single Life Annuity with Cash Refund.

[3]Formerly known as the 100% Joint and Survivor Annuity.

[4]New option available for selection effective January 1, 2007.

[5]Formerly known as the 50% Joint and Survivor Annuity.

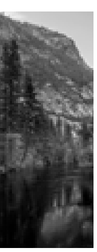

Table 7

Cash Balance Benefit Program

All Participants Receiving an Annuity During the 2017–18 Fiscal Year
Characterized by Type of Benefit and Type of Annuity Selected

As of June 30, 2018

Monthly Participant-Only Annuity

Type of Benefit	Less than $250	$250–500	$500–750	$750–1,000	$1,000 & Greater	Total
Retirement	203	79	38	15	17	352
Disability	0	1	0	0	1	2
Survivors	8	4	0	3	1	16
Total	211	84	38	18	19	370
Type of Payment						
Regular Annuity						
Single Life with Cash	1	0	0	0	0	1
Single Life without Cash	2	0	0	0	0	2
Participant Only	97	34	12	3	1	147
100% Beneficiary Annuity	38	4	1	1	1	45
75% Beneficiary Annuity	5	1	1	0	0	7
50% Beneficiary Annuity	7	4	1	0	1	13
Period Certain Annuity						
10 Year	36	12	7	1	0	56
9 Year	1	3	0	1	0	5
8 Year	2	2	0	0	0	4
7 Year	1	3	3	0	0	7
6 Year	0	2	2	0	1	5
5 Year	8	6	4	7	1	26
4 Year	4	3	1	3	1	12
3 Year	9	10	6	2	13	40
Total	211	84	38	18	19	370

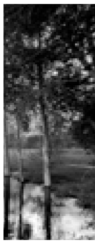

Table 8

Cash Balance Benefit Program

Active Participants with Contributions
During the 2017–18 Fiscal Year Characterized by Age

As of June 30, 2018

Age	Count	Total Earnings	Avg Earnings
≤20	4	$26,075	$6,519
21	2	1,069	535
22	11	57,380	5,216
23	25	230,079	9,203
24	40	363,101	9,078
25	65	808,356	12,436
26	99	1,694,837	17,120
27	127	2,594,372	20,428
28	169	3,375,213	19,972
29	169	3,224,556	19,080
30	228	4,589,665	20,130
31	228	4,731,200	20,751
32	259	5,571,867	21,513
33	256	5,775,516	22,561
34	269	5,902,625	21,943
35	303	6,905,492	22,790
36	319	7,112,323	22,296
37	264	5,935,211	22,482
38	295	6,621,952	22,447
39	254	6,094,787	23,995
40	263	6,231,285	23,693
41	269	5,934,406	22,061
42	221	5,219,016	23,615
43	273	6,208,389	22,741
44	229	4,988,336	21,783
45	239	5,241,490	21,931
46	246	5,523,382	22,453

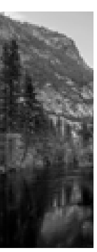

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Table 8

Cash Balance Benefit Program

Active Participants with Contributions
During the 2017–18 Fiscal Year Characterized by Age

As of June 30, 2018

Age	Count	Total Earnings	Avg Earnings
47	271	$5,552,652	$20,489
48	279	6,220,006	22,294
49	238	5,096,638	21,414
50	221	5,464,265	24,725
51	227	5,682,873	25,035
52	225	4,965,413	22,069
53	249	5,714,740	22,951
54	217	5,149,111	23,729
55	246	5,247,535	21,331
56	230	5,102,842	22,186
57	216	5,191,362	24,034
58	229	5,459,305	23,840
59	226	5,207,336	23,041
60	185	4,282,919	23,151
61	211	5,132,064	24,323
62	199	3,891,562	19,556
63	198	4,801,520	24,250
64	174	3,674,371	21,117
65	184	4,034,106	21,924
66	162	3,773,100	23,291
67	134	3,040,110	22,687
68	120	2,600,148	21,668
69	119	2,932,779	24,645
70	109	2,536,390	23,270
≥71	568	12,061,257	21,235
Unknown	0	0	0
Total	10,469	$231,621,196	$22,124

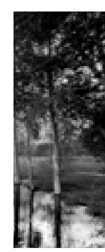


Table 9

Cash Balance Benefit Program

Active Participants with Contributions

Fiscal Year Ending June 30	Count	Estimated Salary	
		Total Salary	Average Salary
1998	3,505	$18,842,242	$5,376
1999	6,412	38,095,483	5,941
2000	7,598	59,033,373	7,770
2001	8,412	70,522,487	8,384
2002	9,238	89,627,192	9,702
2003	8,977	91,033,498	10,141
2004	9,114	96,769,873	10,618
2005	9,385	107,566,468	11,462
2006	9,869	122,986,546	12,462
2007	10,579	145,219,384	13,727
2008	11,627	181,961,624	15,650
2009	11,332	182,871,332	16,138
2010	10,378	163,248,119	15,730
2011	9,923	158,501,388	15,973
2012	9,273	151,284,621	16,315
2013	9,129	151,281,260	16,572
2014	9,955	175,058,251	17,585
2015	10,416	193,075,185	18,536
2016	10,676	211,259,529	19,788
2017	10,480	220,767,125	21,066
2018	10,469	231,621,196	22,124

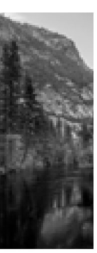


Table 1
Medicare Premium Payment Program

On July 1, 2001, the CalSTRS Medicare Premium Payment Program began paying Medicare Part A premiums and Medicare Part B surcharges for eligible retired members.

Retired Members Enrolled in Program

Fiscal Year Ending June 30	Total Number Paying Part A Premiums	Total Amount of Part A Premiums (in thousands)	Total Number Paying Part B Surcharges	Total Amount of Part B Surcharges	Total (in thousands)
2002	5,212	$20,735	1,620	$800,506	$21,536
2003	5,683	21,249	1,568	776,741	22,026
2004	5,884	24,999	1,517	790,879	25,789
2005	6,017	26,596	1,437	828,374	27,424
2006	6,087	28,071	1,357	919,797	28,991
2007	6,266	30,601	1,306	917,698	31,519
2008	6,290	31,700	1,235	900,788	32,601
2009	6,427	28,527	1,168	846,110	29,373
2010	6,482	34,467	1,105	851,342	35,318
2011	6,726	37,878	1,041	867,419	38,745
2012	6,768	33,597	962	746,106	34,343
2013	6,805	34,070	911	638,203	34,708
2014	6,715	32,626	843	605,686	33,231
2015	6,580	29,940	769	520,222	30,460
2016	6,419	29,141	690	500,385	29,641
2017	6,206	28,267	627	510,945	28,777
2018	5,965	24,830	562	500,820	25,330

continued

Table 1

Medicare Premium Payment Program

Member Summary

	CalSTRS Paying Medicare Part A			CalSTRS Deducting Medicare Part B		
Fiscal Year Ending June 30	# of Members	Mean Age	Oldest	# of Members	Mean Age	Oldest
2002	5,212	74	100	9,963	72	111
2003	5,683	74	100	11,008	72	112
2004	5,884	74	101	12,046	72	103
2005	6,017	75	102	13,018	73	104
2006	6,087	75	102	14,159	73	105
2007	6,266	74	102	15,831	72	107
2008	6,290	75	102	16,292	73	107
2009	6,427	75	103	17,465	72	108
2010	6,482	75	103	18,566	73	108
2011	6,726	76	106	19,580	74	105
2012	6,768	76	106	21,028	74	106
2013	6,805	76	105	22,177	74	106
2014	6,715	77	104	23,131	74	105
2015	6,580	77	105	23,830	74	106
2016	6,419	77	102	24,467	74	102
2017	6,206	78	102	24,742	74	102
2018	5,965	79	103	24,830	75	103

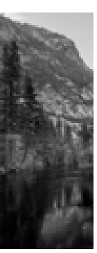


Table 2
CalSTRS Home Loan Program

Fiscal Year Ending June 30	Amount Originated (in thousands)	Number of Loans Funded
1987	$180,276	1,844
1988	169,723	1,511
1989	184,396	1,830
1990	395,467	3,015
1991	477,016	3,774
1992	456,963	3,647
1993	310,607	3,350
1994	95,068	788
1995	18,258	142
1996	18,913	153
1997	25,735	126
1998	50,856	362
1999	40,492	280
2000	53,809	427
2001	357,087	2,915
2002	528,042	4,125
2003	444,750	2,915
2004	243,431	1,311
2005	62,434	298
2006	60,709	279
2007	49,818	234
2008	136,384	702
2009	514,620	3,004
2010	757,329	4,551
2011	375,874	2,398
2012[1]	142,101	896

[1] Due to current market conditions, CalSTRS has indefinitely suspended origination activities. There has been no origination activity since June 30, 2012.

Table 3

Pension2®

Participant and Asset Information

Fiscal Year Ending June 30	Total Participants	Total Assets (in thousands)
1996	660	$16,037
1997	1,010	19,386
1998	1,498	25,309
1999	1,700	35,973
2000	2,300	50,423
2001	2,655	57,229
2002	2,981	62,067
2003	3,193	74,610
2004	3,388	94,469
2005	3,519	111,776
2006	3,629	132,071
2007	3,872	168,737
2008	4,758	171,104
2009	5,632	179,136
2010	6,320	235,808
2011	6,562	309,951
2012	7,239	394,153
2013	11,238	484,116
2014	12,312	615,097
2015	9,319	598,292
2016	10,999	668,819
2017	13,267	839,787
2018	15,292	957,035

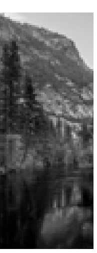


Table 4

Restoration of Allowance Purchasing Power

Through Supplemental Payments

Fiscal Year Ending June 30	Purchasing Power Achieved after Payment	No. of Members Receiving Payments	Total Paid for Fiscal Year (in thousands)	Average Monthly Payment
1984	58.4%	35,654	$21,394	$50.00
1985	62.4	57,189	54,307	79.13
1986	65.5	56,811	85,675	125.67
1987	68.2	57,343	122,275	177.69
1988	68.2	59,092	128,231	180.83
1989	68.2	58,037	143,061	205.42
1990	68.2	55,971	158,274	235.65
1991	68.2	52,199	168,923	269.68
1992	68.2	48,650	178,058	305.00
1993	68.2	54,029	184,551	284.65
1994	68.2	49,113	178,887	303.53
1995	68.2	46,459	168,360	301.99
1996	68.2	41,703	168,517	336.74
1997	68.2	38,939	159,787	341.96
1998	68.2	44,887	179,308	332.89
1999	68.2	42,624	197,860	386.83
2000	68.2	41,048	190,478	386.70
2001	68.2	44,699	189,388	353.08
2002	80.0	60,428	256,976	354.38
2003	80.0	58,591	233,815	332.55
2004	80.0	55,779	223,501	333.91
2005	80.0	57,079	221,271	323.05
2006	80.0	54,360	215,258	329.99
2007	80.0	56,002	230,337	342.75
2008	80.0	53,122	229,860	360.59
2009	85.0	89,142	348,105	325.42
2010	85.0	63,949	272,580	355.20
2011	85.0	53,870	241,073	372.92
2012	85.0	57,337	234,612	340.98
2013	85.0	54,847	221,451	336.47
2014	85.0	50,331	202,232	334.84
2015	85.0	52,474	192,831	306.23
2016	85.0	47,764	172,292	300.60
2017	85.0	49,519	160,729	270.48
2018	85.0	61,476	161,932	219.51

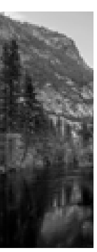


Table 5

Supplemental Benefit Maintenance Account Recipients[1] Characteristics by Age Range

As of June 30, 2018

Members

Age Range as of 6-30-18	Count	Average Total Service Credit[1,2]	Average Final Compensation[1]	Average Monthly Allowance Payable	Average Monthly SBMA
<60	32	7.142	$2,867	$2,074	$29
60–65	66	25.805	4,146	2,287	41
65–70	173	27.623	4,206	2,388	104
70–75	424	26.998	4,058	2,272	136
75–80	3,764	24.202	3,952	2,172	38
80–85	13,546	26.915	3,989	2,917	59
85–90	15,986	26.434	3,627	2,882	184
90–95	9,446	24.967	2,994	2,435	382
95–100	2,996	23.604	2,328	1,937	619
≥100	448	21.946	1,669	1,473	960
Total	46,881	25.872	$3,535	$2,662	$210

Beneficiaries

Age Range as of 6-30-18	Count	Average Total Service Credit[1,2]	Average Final Compensation[1]	Average Monthly Allowance Payable	Average Monthly SBMA
<60	404	17.805	$3,045	$1,258	$109
60–65	291	23.592	2,967	1,409	196
65–70	455	23.072	2,835	1,423	177
70–75	866	24.068	3,010	1,674	168
75–80	1,778	22.294	3,141	2,131	157
80–85	3,300	22.460	3,142	2,329	174
85–90	3,763	24.076	2,947	2,251	288
90–95	2,670	25.183	2,597	1,898	463
95–100	856	25.211	2,143	1,544	683
>100	123	24.749	1,810	1,232	1,053
Total	14,506	23.656	$2,849	$2,034	$291

[1] Total service credit, final compensation, and monthly allowance payable must be greater than zero.

[2] May reflect service credit projection for members retired from disability.

Table 6

Supplemental Benefit Maintenance Account Recipients[1]
Characteristics by Monthly Allowance Payable

As of June 30, 2018

Members							
		Average					
Monthly Allowance Payable Range	Count	Age as of 6-30-18	Age at Initial Benefit	Total Service Credit[1,2]	Final Compensation[1]	Monthly Allowance Payable	Monthly SBMA
0–500	2,402	88.8	58.9	8.313	$1,565	$304	$67
500–1000	3,271	87.5	58.6	12.601	2,445	749	146
1000–1500	3,323	88.0	59.0	16.534	2,858	1,251	283
1500–2000	6,400	87.6	58.3	21.637	2,908	1,777	286
2000–2500	7,208	86.6	58.5	25.990	3,312	2,238	271
2500–3000	6,484	85.7	59.3	28.099	3,745	2,747	206
3000–3500	5,835	86.2	60.2	30.288	3,938	3,241	192
3500–4000	4,668	86.4	60.8	32.574	4,134	3,741	173
4000–4500	3,084	86.3	61.1	34.473	4,366	4,235	158
4500–5000	1,918	86.4	61.3	35.935	4,642	4,724	160
5000–5500	925	86.8	61.6	36.671	5,068	5,216	181
5500–6000	543	86.7	61.7	37.010	5,491	5,728	180
>6000	820	86.7	61.7	37.729	6,516	6,976	216
Grand Total	46,881	86.8	59.5	25.872	$3,535	$2,662	$210

[1] Total service credit, final compensation, and monthly allowance payable must be greater than zero.

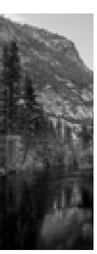
[2] May reflect service credit projection for members retired from disability.

continued

Table 6

Supplemental Benefit Maintenance Account Recipients[1] Characteristics by Monthly Allowance Payable

As of June 30, 2018



Beneficiaries

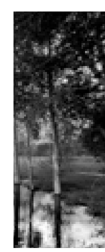
		Average					
Monthly Allowance Payable Range	Count	Age as of 6-30-18	Age at Initial Benefit	Total Service Credit[1,2]	Final Compensation[1]	Monthly Allowance Payable	Monthly SBMA
0–500	1,179	81.0	58.7	10.746	$1,587	$265	$190
500–1000	1,973	83.3	67.4	19.750	2,144	778	346
1000–1500	2,372	83.9	70.3	25.109	2,705	1,233	321
1500–2000	2,429	83.4	70.9	26.213	3,134	1,755	289
2000–2500	2,235	84.6	71.8	29.714	3,191	2,218	332
2500–3000	1,380	84.3	72.8	30.628	3,806	2,745	283
3000–3500	1,048	84.4	73.5	32.462	4,032	3,247	261
3500–4000	809	84.1	74.2	35.353	4,248	3,739	205
4000–4500	478	84.6	74.4	34.537	4,646	4,210	256
4500–5000	248	84.9	74.2	36.569	4,962	4,714	267
5000–5500	135	84.3	73.9	37.789	5,330	5,201	239
5500–6000	97	84.5	74.7	38.612	5,828	5,707	244
>6000	123	85.0	75.4	38.804	7,130	6,974	252
Grand Total	14,506	83.8	70.3	23.656	$2,849	$2,034	$291

[1] Total service credit, final compensation, and monthly allowance payable must be greater than zero.

[2] May reflect service credit projection for members retired from disability.

Table 7
Regular Interest Rate

Fiscal Year Ending June 30	Regular Interest Rate
1997	7.50%
1998	6.50
1999	6.75
2000	6.50
2001	6.25
2002	7.25
2003	6.00
2004	6.00
2005	4.50
2006	4.25
2007	4.50
2008	5.00
2009	5.25
2010	4.75
2011	8.00
2012	7.75
2013	7.50
2014	7.50
2015	7.50
2016	7.50
2017	7.50
2018	7.00



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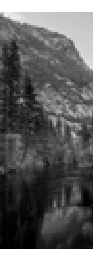

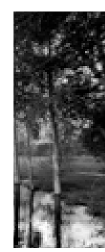

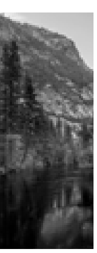

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